

Housing and Neighborhood Committee Conference Call
DRAFT Meeting Minutes
September 12, 2022
3:00 p.m.

PRESENT:

Members Present via Microsoft Teams: Committee Chair Joanne Berger-Sweeney, Mayor Luke Bronin and Randal Davis

Staff Present via Microsoft Teams: Mike Freimuth, Joe Geremia and Kim Hart

Guests Present via Microsoft Teams: Matt Robayna (Winn Development), Emily Wolfe (Sheldon Oak Central), Alexandra Michaud (Vesta), Fernando Betancourt (San Juan Center) and Eric Polinsky (Carabetta)

The meeting was called to order by Ms. Berger-Sweeney at 3:03 p.m. and the minutes of the June 3, 2022 meeting were approved.

1) **Project Updates**

- a. **179 Allyn Street** – Mr. Freimuth reminded members that this project has been before the Board at various times over the last 18 months as the developer has struggled with refinancing. The developer has recently opted not to refinance with a HUD-insured product and they are currently delinquent in loan payments to CRDA. Eight of the building's units, Mr. Freimuth noted, sustained smoke and water damage earlier this year, limiting rental income to the project. The developer is working through a new financing package that is expected to come before the CRDA Board in the next couple of months.
- b. **Bedford Gardens Apartments** - Mr. Freimuth introduced Matt Robayna from Winn Development who is looking to acquire and renovate this 84-unit complex, located at 131-33 Brook and 119-37 Bedford Street in the City's North End. Mr. Robayna is seeking to use \$1m of the City/CRDA MOU funds to close the project's funding gap. He noted that the project will add accessible units to the building and that Winn is also looking to establish a historic district in the area in order to gain access to historic tax credits. Mr. Robayna indicated that the project will offer a range of unit sizes, from studios to 5-bedroom units. All units will be 60% AMI in order to access low-income tax credits and 25 units are tied to rental assistance contracts with the City.

In response to a question from Mr. Freimuth, Mr. Robayna noted that Winn will set up a “hospitality space” for tenants to go on a daily basis while work is being done on their units, eliminating the need for full relocation and minimizing disruption to tenants. Only tenants in accessible units will be relocated. Winn will submit their CHFA application this fall and, if approved, they hope to close next spring.

Mayor Bronin expressed his support for the project, noting that improvements to the building and new, engaged management will benefit the larger neighborhood. Mr. Freimuth noted that the request for City/CRDA MOU funding will likely be put before the Committee and full Board in October.

- c. **MLK Apartments** – Mr. Freimuth reported that a complete demolition and reconstruction of the 64-unit community located on Van Block Avenue in the Sheldon Oak neighborhood is planned. The new development will consist of 155 mixed income units, including:
- i. 38 affordable units at 30% AMI
 - ii. 48 affordable units at 80% AMI, and
 - iii. 69 market rate units

The project will replace the existing affordable units and add others. Introducing Emily Wolfe from Sheldon Oak Central, Mr. Freimuth noted that this project has been discussed in the Committee previously, however, construction cost and interest rate increases have delayed action. He noted that Sheldon Oak and their partner, Vesta, have spent the last several months redesigning the project to reduce costs and restructuring their capital stack. Total development costs are expected to be \$62.7m and the developers are now asking for \$5.8m, split between City/CDRA MOU funds (\$2.8m) and CRDA funds (\$3m). The funds would be in the form of an interest-only 2% loan converting to amortized debt, co-terminus with their CHFA mortgage but scheduled to be refinanced by Year 15.

Ms. Wolfe and Ms. Michaud from Vesta noted that relocation efforts have been underway since late last year and that the complex should be fully empty by mid-October. As Charter Oak has other rental properties nearby, they were able to take advantage of vacancies in those properties and keep relocated MLK residents in the neighborhood. The project’s tax credit application should be submitted in early October. Design documents are at 90% complete and bid documents have been issued, with hard numbers expected in October. Demolition is expected to start in the first quarter of 2023.

Mayor Bronin asked about the status of a Community Investment funding application for the project and whether that would reduce the amount of funding requested from the City and CRDA. Ms. Michaud indicated that the project had applied for \$3.75m in CIF funding and, if approved, the City/CRDA ask would be reduced by that amount. Mayor Bronin indicated that should the funds be approved, he would be interested in discussing an adjustment in the unit mix in lieu of a reduction.

Mr. Freimuth indicated that the MLK funding request would come before the Committee and the full Board for a vote in the next couple of months.

- d. **Arrowhead Block** – Mr. Freimuth reminded Committee members that this block across from Dunkin Donuts Park consists of several parcels owned by the City of Hartford and other privately-owned deteriorated structures. A development team selected by the City – the San Juan Center and Carabetta Development - proposes to renovate two historic buildings on the site, creating 42 new apartments (20% affordable) and 7,300 sf of retail space. Total development costs total \$17m and CRDA is being asked for a \$3.8m loan at 2% interest with a 30-year term.

Mr. Betancourt from the San Juan Center and Mr. Polinsky from Carabetta updated Committee members on the project, noting that their capital stack includes funding from a variety of sources. The team is working on State and Federal historic tax credit applications and looking into energy savings/rebates. A purchase and sale agreement has been signed for the so-called “Flatiron building” and they hope to have access soon in order to begin design work. They noted that their architect is working directly with the State Historic Preservation Office, which they hope will eliminate the time-consuming back-and-forth that normally occurs. They are also talking with potential investors about the tax credits.

The team hopes to close before the end of the year. To that end, Mr. Freimuth suggested that a term sheet needs to be worked out before the next Committee meeting on October 7th. If the Committee approves the terms, the project can go before the full board later that month.

- e. **Other Projects** – Mr. Freimuth directed members’ attention to the project spreadsheets in the agenda packet. He noted that nearly all projects in process are struggling with construction cost and interest rate increases.
- i. **Hilton/Doubletree** – Mr. Freimuth reported that both the housing and hotel components of the project have closed.
 - ii. **55 Elm Street** – CRDA is working toward a closing.
 - iii. **200 Constitution Plaza** – Bond funds for the project were approved in July and staff are working through a term sheet.
 - iv. **DoNo Apartments** – Construction is nearing completion and over 160 units are leased.
 - v. **Pratt and Temple Street Projects** – Mr. Freimuth noted that the projects were nearing completion.
 - vi. **Park & Main** – Over 90% of units are leased.

The next meeting of the Housing and Neighborhood Committee is scheduled for October 7, 2022.

There being no further business, the Committee adjourned at 3:41 p.m.