

Housing and Neighborhood Committee Conference Call
Draft Meeting Minutes
November 3, 2023
9:00 a.m.

PRESENT:

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

Staff Present via Microsoft Teams: Mike Freimuth and Kim Hart

Guests Present via Microsoft Teams: Eric Polinsky (Carabetta Development) and Randy Salvatore (RMS)

The meeting was called to order by Chair Berger-Sweeney at 9:01 a.m.

The minutes of the September 19, 2023 meeting were approved on a voice vote. Mr. Freimuth then provided the following updates:

1. **Project Updates**

- a. **Arrowhead** – In October 2022, the CRDA Board approved \$3.8 million for the Arrowhead project, a 43-unit, multi-property development located across from Dunkin Donuts Park. Mr. Freimuth noted that since that time, the project has expanded to include 45 units, while increases in financing costs, construction projections and environmental clean-up costs have pushed the total budget up from \$17 million to \$19 million.

The developer is seeking an additional \$300,000 in loan funds from CRDA. The balance of the shortfall will be covered by additional developer equity and loans from other sources.

Eric Polinsky, Director of Development for Carabetta Development, noted that the site once hosted a dry cleaner and a gas station, making environmental cleanup especially challenging. He indicated that Liberty Bank would be handling historic tax credits for the project and he welcomed the participation of a local financial institution. Mr. Polinsky also noted that the developer would be deferring their fee in order to help cover the \$2 million gap.

Mayor Bronin noted that Arrowhead is a critical project for this area and includes buildings of historic significance to the City. He also noted that it will serve as an important connection between the Clay Arsenal and Upper Albany neighborhoods and Downtown.

In response to a question from the Committee Chair about the impact of proposed highway improvements on the project, the Mayor noted that while the I-84 work area was close to the site, it would not directly impact it. Chair Berger-Sweeney also questioned Mr. Freimuth as to whether any of the housing units would be designated as affordable and he shared that approximately 30% of the units would be.

Mr. Freimuth also noted that since the Board's last action on the project, the makeup of the borrowing entity has also changed. The San Juan Center was to be a partner in Gateway Partnership, however, because they previously owned one of properties that make up the project site, they could not participate in the brownfields program.

The following resolution was offered and approved:

RESOLUTION: The Executive Director is authorized to increase its loan to the Gateway Partnership LLC, with Carabetta Development as its principal partner to \$4.1 million including the previously authorized \$3.8 million from the State Bond Commission and \$300,000 from the CRDA Housing Revolving Capital fund at 2%/30 years with all other conditions remaining the same subject to all funding sources being available and closed simultaneously with the CRDA loan.

- b. Downtown North – Parcel B** – At the Committee's September meeting, it was noted that litigation was holding up work on Parcel B within the DoNo district and that the developer, RMS, was looking at relocating the project to the former RPI site a short distance away.

CRDA has been holding \$13.6 million for a loan to RMS for construction of 237 residential units and a 524-space parking garage. At its October meeting, the State Bond Commission granted CRDA the flexibility to use these funds – as well as \$3 million from the defunct 200 Constitution Plaza project – at the RPI site.

The litigation has since been resolved and RMS is once again focused on the Parcel B site. Mr. Freimuth indicated that the amount and terms of the CRDA loan remain unchanged, however, financing and construction costs for the project have increased and the mortgage and equity portions of the capital stack have increased accordingly.

Mr. Salvatore expressed his relief that the litigation has been resolved and thanked Mayor Bronin for his support. He indicated that RMS still intended to purchase the RPI site for future development and that he expected to close on the property in 4-5 weeks.

In response to a question from Mr. Patricelli, Mr. Salvatore explained that his pro forma only includes parking revenue from the first phase of housing and that the Parcel B garage is

expected to cost approximately \$15,000 per space. Both Mr. Patricelli and Mayor Bronin questioned why the per space cost was lower than other garages around the City. Mr. Salvatore replied that he was comfortable with the estimate and that some cost savings would result from doing some of the work in-house. Mr. Freimuth noted that some garage-related costs, such as excavation and site work, may be carried elsewhere in the project budget and this may skew the total per space cost.

The following resolution was offered and approved:

RESOLUTION: The Executive Director is authorized to lend \$13.6M as approved by the State Bond Commission to RMS Companies of Stamford (or such acceptable single purpose entity) at 3% interest only during construction for a period of no more than 2 years and amortizing at 30 years thereafter, with a 15 yr. term, subject to such fiduciary terms and conditions as deemed appropriate by CRDA and its counsel.

II. **Other Projects** - Mr. Freimuth noted the following:

- 55 Elm and the Hilton are under construction.
- 535 Main and 275 Pearl are expected to be leasing in 2024.
- The newly opened Pratt Street project is fully leased.
- Fuller Brush is expected to close sometime the week of November 6th.
- Overall, occupancies are running in the 90%+ range and rents are holding.
- There are six or seven new projects that will be presented to the Committee, with some to be included at the December meeting.

Citing the dearth of hotel rooms in the City, Chair Berger-Sweeney questioned whether any of CRDA's housing projects could be converted to hotel space. Mr. Freimuth noted that the Hilton has some flexibility with a portion of the building remaining hotel space while the upper floors were converted to residential. He noted that a portion of 55 Elm will be designated as commercial space and that a boutique hotel is one of the uses being contemplated.

Mr. Freimuth also noted that the day-to-day demand for hotel space in the City cannot financially justify the construction of new hotel rooms. In response to a question from Mr. Patricelli, he noted that the conversion of unused office space into hotel rooms was also being considered.

The next meeting of the Housing and Neighborhood Committee is scheduled for December 1, 2023.

There being no further business, the Committee adjourned at 9:45 a.m.