

CRDA Regional and Economic Development Committee

Thursday, November 9, 2023

3:00 pm

Agenda

- I. Approval of Minutes from April 13, 2023*
- II. Project Updates
 - a. Prospective Front Street Tenant*
 - b. Bushnell South
- III. Next Meeting – December 14, 2023
- IV. Adjournment

Microsoft Teams meeting

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Regional and Economic Development Committee
Conference Call
Draft Meeting Minutes
April 13, 2023
3:00 PM

Members Present via Microsoft Teams: Committee Chair Mike Walsh, Randal Davis, Commissioner Alexandra Daum and Pam Sucato

Staff Present via Microsoft Teams: Tony Lazzaro and Kim Hart

The meeting was called to order at 3:02 p.m. and the minutes of the March 9, 2023 meeting were approved on a voice vote.

1) **Project Updates**

Albany & Woodland – Ms. Hart reminded members that in March the Committee - and later the full CRDA Board - approved a \$5.5 million CRDA construction loan and a \$7 million grant from City Revolving Funds to support a \$10-\$12 million mixed-use development at the corner of Albany Avenue and Woodland Street in Hartford.

Included in that resolution was a provision authorizing up to \$750k of the City funds to be released for pre-development costs prior to NDC's receipt of construction bids. The City and developer are asking that an additional \$1 million of the City funds be released for environmental remediation and site improvements subject to the terms of an assistance agreement between the developer and CRDA.

The following resolution was approved on a voice vote:

RESOLUTION:

The resolution adopted by the CRDA Board at its March 20, 2023 meeting authorizing the loan of up to \$5.5M of CRDA bond funds and a grant of up to \$7M of City Revolving Loan funds to Community Development Properties Woodland Inc (or such acceptable single purpose entity) for the Albany & Woodland project is amended to include the distribution of up to \$1 million of the City funds to be released for environmental remediation and site improvements. The early release of these funds shall be subject to such fiduciary terms and conditions as deemed necessary and appropriate by the executive director and CRDA counsel.

2) Front Street Tax Fixing Agreement Extension

Attorney Lazzaro explained that there are three tax-fixing agreements governing the Front Street district. These were signed with the master developer of the district, HB Nitkin, and are tied to the various phases of its development. The PILOT payments received by CRDA under these agreements are used for maintenance of the district and are calculated as follows:

Tax Year	Payment – Percentage of Actual Taxes
1-3	0%
4-7	10%
8-11	20%
12-15	30%

The agreements for Phases I, III and IV of the development are set to expire in 2027, 2032 and 2034 respectively. Attorney Lazzaro indicated that HB Nitkin has asked for 30-year extensions to these agreements, increasing payments as follows:

Tax Year of Extension	Payment – Percentage of Actual Taxes
16-20	40%
20-45	50%

The following resolution was approved on a voice vote:

RESOLUTION:

The CRDA Regional and Economic Development Committee hereby recommends the proposed terms of this Tax Fixing agreement extension to the CRDA Board of Directors for approval in accordance with the terms and conditions provided above.

3) Adriaen's Landing Hotel Tax Fixing Agreement Extension

Attorney Lazzaro explained that the Marriott Hotel is governed by a tax fixing agreement similar to those at Front Street. The current agreement was signed in 2020 and provides for a PILOT payment to CRDA of up to 3% of gross hotel revenues for a period of 15 years.

The owners of the hotel are looking to refinance their existing debt and have asked for a 30-year extension, moving the agreement's end date to 2065. Attorney Lazzaro noted that such refinancing will allow the hotel to repay a \$3.5 million COVID recovery loan received from DECD.

Commissioner Daum raised a question as to whether CRDA was limited as to the number of years by which it could extend an agreement. Attorney Lazzaro responded that the relevant state statute is written quite broadly and does not limit our ability to extend agreements.

The following resolution was approved on a voice vote:

RESOLUTION:

The CRDA Regional and Economic Development Committee hereby recommends the proposed terms of this Tax Fixing agreement extension to the CRDA Board of Directors for approval in accordance with the terms and conditions provided above.

The next meeting of the Regional & Economic Development Committee is scheduled for May 11, 2023.

There being no further business, the meeting was adjourned at 3:16 p.m.

DRAFT

PROJECT: Carbone's Ristorante on Front Street

BACKGROUND: Long a fixture in Hartford's South End, dating back to 1938, Carbone's Restaurant closed during the pandemic (March 2020) and the owners have been seeking both a new use for the Franklin Avenue site and a new location to re-establish the restaurant in the city. The family led by Vinnie and John Carbone have recently negotiated a lease to replace the former Spotlight/Apple movie theatre at the corner of Columbus Blvd and Front Street directly across from the Connecticut Convention Center.

Simultaneously, the \$5.5-\$6 million redevelopment of the former Franklin Avenue site into a new 21 unit mixed use residential building with 4600 s.f. commercial retail space has been planned. Together, the two projects would represent nearly \$9 million of new investment in the two neighborhoods (south end and downtown). The Franklin Ave mixed use project will be considered by the CRDA housing and neighborhood committee as a separate underwriting transaction.

CRDA

REQUEST: The Carbone's have asked for assistance to convert the movie theatre into a new Carbone's Ristorante. The total conversion of the space is projected to cost \$3.7 million (in addition to nearly \$450,000 of owner investment from the HB Nitkin Group). Before the Regional Economic Development Committee and the full board is a request to provide a \$1.7M loan to complete the project. The restaurant will consist of 11,000 square feet of space including kitchen, dining and bar areas and will employ 50.

Development

Budget

\$ 1,550,000 private equity
500,000 Ct Boost Loan
<u>1,700,000</u> CRDA loan
\$3,750,000 Restaurant Fit Out

CRDA Loan

Structure: The \$1.7M would be a combination of \$1.4M in CRDA Front Street funds and \$300,000 from the City of Hartford Revolving Loan Fund. The terms would be 5% interest, 10 year note with a 15 year amortization and a 20% cash flow participation agreement allowing for excess annual cash to be used to buy down the principal.

RESOLUTION: The executive director is authorized to lend \$1.7M to the Carbone's Ristorante on Front Street (or such single purpose entity acceptable to CRDA) per the loan structure noted above and to secure the approvals from the State of Connecticut Bond Commission for use of Front Street development monies and the City of Hartford to use the Revolving Loan Funds as administered by the MOU dated December 3, 2021 subject to all other funds being secured and available and such fiduciary terms and conditions as deemed necessary and appropriate by CRDA and its counsel.

Carbone's Kitchen - Front Street Expansion

Approximate Square Footage 11,000

Uses of Funds	\$	SF	%
Soft Costs	\$350,000	\$32	9%
Mechanical, Electrical, Plumbing	\$455,000	\$41	12%
Construction Reconfiguration	\$525,000	\$48	14%
Construction Fit-Out	\$910,000	\$83	24%
Equipment - FF&E	\$1,120,000	\$102	30%
Contingency	\$140,000	\$13	4%
Start-up (Inventory)	\$250,000	\$23	7%
TOTAL USES	\$3,750,000	\$341	100%

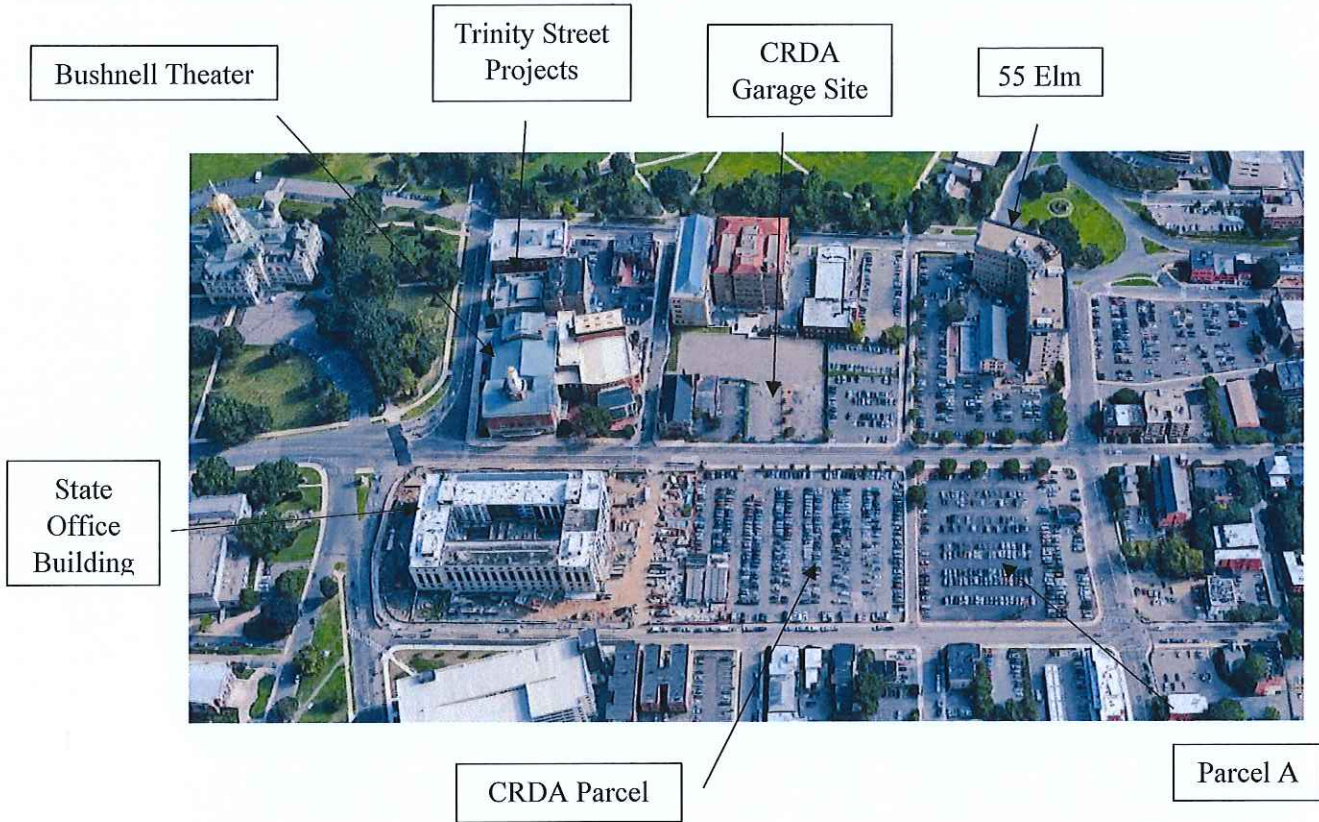
Sources of Funds	\$	SF	%
Owner Equity	\$1,550,000	\$141	41%
CRDA Loan	\$1,700,000	\$155	45%
CT Small Business Boost	\$500,000	\$45	13%
Other	\$0	\$0	0%
TOTAL SOURCES	\$3,750,000	\$341	

Funding Gap/Surplus **\$0**

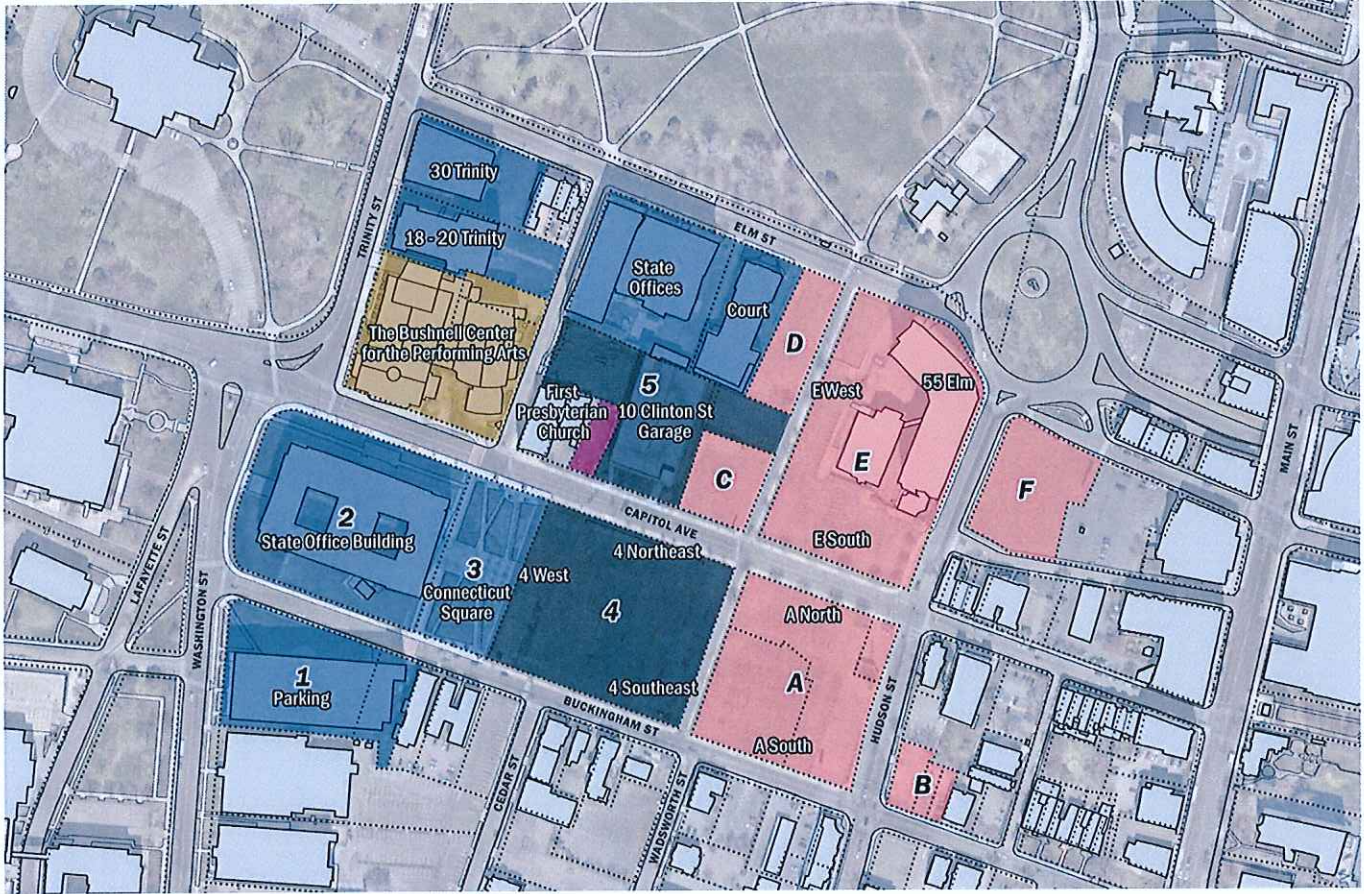
Lender	Loan Amount	Rate	Term	Amort.	Debt Service
CRDA	\$1,700,000	5.00%	10	15	\$163,782
CT Small Business Boost Fund	\$500,000	4.50%	5	5	\$113,896
Other	\$0	0.00%	0	0	\$0
Total	\$2,200,000				\$277,678

Bushnell South

Bushnell South Area – Current Site



Bushnell South Area – Development Parcels



Property Ownership

- State
- CRDA
- Spinnaker
- The Bushnell
- First Presbyterian Church lot
- Parcel lines

CRDA Neighborhood Projects

Project	Description	TDC	CRDA Amount	CRDA Funds	Structure	Committee Approval	CRDA Board	Bond Commission Approval	Status
Bowles Park	Demolition of 410-unit housing project & construction of 91 new rental and owned units on Granby Street (Blue Hills neighborhood)	\$40m	\$5,000,000 \$0	FY16 Neighborhood (Promise Zone)	\$5m grant for demolition	9/9/2016	9/15/2016	9/30/2016	CRDA completed
Brackett Knoll	Construction of 14 two-family owner-occupied homes on Naugatuck Street	\$3.7m	\$1,555,000	FY16 Neighborhood (Promise Zone)	\$20,860 used for MDC connection charges for housing lots. Balance used to construct required road; Board approved additional \$154k for road on 6/20/19	11/10/2016	12/8/2016	2/1/2017	Road completed
Swift Factory	Renovation of historic factory into "Community Food and Job Creation Hub" serving the Northeast, Upper Albany and Clay Arsenal neighborhoods	\$32.7m	\$4,300,000	FY16 Neighborhood (Promise Zone)	\$4.3m loan - minimum debt service calculated using an initial 1% APR and be paid monthly upon stabilization. CRDA to receive 70% of net available cash after payment of first lien debt service & other required distributions. Payment shall continue over a 20-year term until CRDA has received all of its capital with 3% IRR. Funds contingent upon execution of tenant leases (a) for no less than 50% of leasable project space or (b) no less than 50% of projected rental revenue.	3/10/2017	3/16/2017	5/12/2017	CO issued.
Albany Ave/ Main Street	High Speed internet cabling connection to North End Business	TBD	\$525,000	FY16 Neighborhood (Promise Zone)	Funds used to match Federal Promise Zone Funding and compliment Albany Ave. Streetscape project	6/15/2017	6/15/2017	11/29/2017	Completed
Dillon Stadium	Management and renovation of Stadium, including replacement of field, replacement or refurbishment of bleachers, upgraded seating, lighting & sound system, upgrades to concessions, restroom and locker facilities, building code and ADA upgrades and new site entrance. Additional upgrades to be made at neighboring Colt Park.	\$10m	\$10,000,000	FY17 Neighborhood	CRDA to oversee renovations and hold construction contracts. Work at Dillon to be done in conjunction with Hartford Sports Group (HSG) and their architect. Scope of Colt Park renovation to be developed in conjunction with City of Hartford.	1/12/2018	2/8/2018	2/16/2018	Completed
Charter Oak Health Center	Renovation of vacant building into specialty health clinic	\$1.9 m	\$450,000	FY16 General	Grant for exterior work, historic restoration & site work	NA	6/21/2018	9/20/2018	Completed
Quirk Middle School / PAL	Renovation of former middle school	\$7.5m	\$7,500,000	\$3.9 = FY16 General \$3.6 = FY16 Neigh (PZ)	Includes \$500,000 for implementation of Neighborhood Security Fellows training program			7/25/2018	Completed
Heritage Home	Assistance via NINA to increase home ownership in Asylum Hill area.	TBA	\$2,500,000	FY17 Neighborhood	Loans and grants \$1.6M remaining	5/11/2018 2/3/2023	5/24/2018	6/1/2018	multiple properties see Housing Varied Funding Report
Fuller Brush	Conversion of 2 buildings to res. 153 units	\$42.6M	\$2,000,000 \$3,500,000 \$3,000,000	Neighborhood	\$8.5M initial Loans 2% 30-yr. bridge historic & perm. Two notes CRDA/City	4/1/2022	5/19/2022	7/29/2022	Pending
Liberty Church	Steeple Restoration Historic Rehab	\$1M+	\$1,000,000	Urban Act	Grant Funds	N/A	N/A	5/31/2022	Work starting this fall
235 Hamilton Part 2	Conv. 235 units Plus commercial	\$91.6M	\$8,500,000		Loan to accompany City revolving Fund Loan of \$4M	3/16/2023	3/16/2023	4/6/2023	Pending Closing
Albany/Wodland	new construction mixed use project Historic Rehab	\$21M	\$5,500,000		Loan/Equity			3/16/2023	Pre-Development

\$5,549,830

11/6/2023

CRDA/East Hartford

Project	Description	CRDA Amount	Structure	Committee Approval	CRDA Board Approval	Bond Commission Approval	Status
East Hartford - Showcase Cinemas	Acquisition, demolition and redevelopment of former multiplex site	\$12,000,000 ¹	Grant-in-aid			7/12/2016 6/1/2018	Design plans include approx. 300 apartments plus amenities; CRDA \$7m grant agreement currently being drafted
East Hartford - Drainage Improvements near Goodwin College	Installation of new drainage lines to accommodate new development in Goodwin area	\$4,000,000	Grant-in-aid		6/21/2018	7/25/2018	Phase I and Phase II complete. Phase III under construction
East Hartford - Silver Lane Improvements	Installation of new sidewalks, crosswalks and streetscape improvements recommended in CROCOG Silver Lane study	\$1,011,887	Grant-in-aid (Balance of funds given to OPM for EHBN project)			4/4/2009	Phase 1 of sidewalk project completed CRDA assisting Town with planning for Phase 2
East Hartford - Founders Plaza	Master Planning & Garage design to allow for residential development in area	\$500,000	Grant-in-aid			6/1/2018	Discussions continue with Town, developer planning consultants and CRDA
East Hartford - Great River Park	Improvements to Great River Park, including repairs & improved access to and within the park, particularly for disabled visitors	\$1,340,000	Grant-in-aid			9/20/2018	Work continues, Army Corp. permits
East Hartford - Neighborhood Property Improvements	Abatement and demolition of four blighted structures, including a former Town fire station and three residential properties	\$1,000,000	Grant-in-aid			9/20/2018	Four structures demolished to date Plans for demolition of McCartin school underway
East Hartford	Acquisition and Redevelopment of Silver Lane Retail	\$10,500,000	Grant	9/9/2021	9/16/2021	12/21/2021 & 5/26/2022	Town has acquired site and is working to relocate existing tenants. Developer RFP issued and responses being evaluated. Demolition design for first of three buildings nearing completion

11/6/2023

¹ Transferred to CRDA from other State Agencies