

**Housing and Neighborhood Committee Conference Call**  
**Draft Meeting Minutes**  
**May 9, 2024**  
**10:00 a.m.**

**PRESENT:**

**Members Present via Microsoft Teams:** Chair Joanne Berger-Sweeney, Commissioner Selia Mosquera-Bruno, Randal Davis, Bob Patricelli and Paul Canning

**Staff Present via Microsoft Teams:** Mike Freimuth, Derek Peterson, Tony Lazzaro, Joe Geremia and Kim Hart

**Guests Present via Microsoft Teams:** Keith Werner (Werner & Co.), Randy Salvatore (RMS), Jane Davey (Lexington Partners), Anne D'alleva (UConn)

The meeting was called to order by Ms. Berger-Sweeney at 10:00 a.m. and the minutes of the March 18, 2024 meeting were approved on a voice vote.

**1. New Projects**

- a. 241 Asylum Street** – Mr. Peterson walked Committee members through the funding request for conversion of office space in the historic “Cast Iron Building” into residential units.

In 2018, CRDA provided a \$200,000 loan to Werner & Co. for the conversion of four office units into residential apartments and the balance of that loan stands at \$168,000. The developer is asking for an additional \$257,000 for the conversion of the last two floors of office space. The units are pre-leased and the developer expects a certificate of occupancy in the summer of 2024. CRDA staff is recommending a loan of \$425,000 to pay off the balance of the original CRDA loan, with the balance used for conversion of the last two floors.

Mr. Davis expressed the City’s support for the project, emphasizing the value of the building’s location in the heart of Downtown. Mr. Canning noted that Mr. Peterson’s comprehensive analysis of the project should serve as a template for future resolutions. Mr. Freimuth reminded members that the funds to be utilized for this phase of the project are loan funds that had been repaid to CRDA by other projects. Such funds may be used at the discretion of the CRDA Board and do not require Bond Commission approval.

The following resolution was read and approved:

*“The Executive Director has approval to lend up to \$425,000 of CRDA Housing funds over a two-year term to Werner & Co. (or such acceptable single purpose entity) for the conversion of two floors of office space to residential at 241 Asylum Street, Hartford at 3.25% interest with amortizing principal and interest over 25 years. The loan will be used to pay off CRDA’s existing loan and for conversion costs. The loan shall be a subordinate second position lien and is subject to other fiduciary diligence deemed necessary by the Executive Director and CRDA counsel, including but not limited to, approval from the senior lender (NBT) and a new appraisal.”*

**b. 275 Windsor** – Mr. Peterson walked Committee members through the funding request for the former RPI campus at 275 Windsor Street. He explained that, in 2021, CRDA secured funding for the second phase of the DoNo project (“Parcel B”) undertaken by RMS. When utilization of that site was held up by litigation, the developer asked CRDA in 2023 to amend its resolution to allow those funds to be used at Parcel B or at the nearby RPI site, which the developer expected to acquire. To cover expected cost increases, CRDA authorized an additional \$3 million from the stalled 200 Constitution Plaza project, stipulating that it could be used at 200 Constitution Plaza or at the RPI site for the construction of 269 residential units and a new garage.

The Parcel B project is no longer held up by litigation and work is underway on the site. RMS intends to simultaneously develop the RPI site and is seeking a loan of the \$3 million previously authorized by CRDA to assist with site acquisition costs. Mr. Peterson explained CRDA would loan such funds at 3% interest for a term of ten years, with interest-only payments in years 1-5 and principal and interest payments in years 6-10.

In response to a question from Mr. Canning, Mr. Freimuth confirmed that this funding was essentially a bridge loan that would allow the developer to proceed while awaiting other sources of funding. Mr. Canning questioned the use of a 10-year term and suggested it be reduced to five years. The developer, Mr. Salvatore, indicated that this was acceptable to him.

An amendment changing the term of the loan from ten years to five years was approved by the Committee and the amended resolution was in turn approved:

*“The Executive Director has approval to lend up to \$3 million to RMS (or such acceptable single purpose entity) at the terms proposed above, as amended, and to complete other fiduciary diligence deemed necessary by the Executive Director and CRDA counsel. This includes but is not limited to the receipt of an independent appraisal valuing the property in the amount of \$3 million or greater.”*

Ms. Berger-Sweeney requested that future resolutions include all the terms of financial assistance and not simply reference the terms outlined in other sections of the summary document. Mr. Freimuth assured the Chair that this resolution would be corrected for consideration at the Board meeting and that future resolutions would comply with her request.

**c. 64 Pratt Street** – Mr. Freimuth reported that CRDA has been asked to assist with the conversion of office space at 64 Pratt Street (an annex of 242 Trumbull) into student housing for the University of Connecticut. The top four floors of the building (roughly 84,000 square feet) would be used to house 200+ students in 75-80 suites.

CRDA will provide a \$10 million construction loan to the LAZ, Lexington Partners and Shelbourne partnership that owns the building, with the loan converting to a permanent note after refinancing in Year 3. The CRDA note will be reduced from proceeds of the refinancing (estimated pay down at \$2.5 million but could go higher) with the remainder to serve as a 20-year loan, 30-year amortization at 3% interest. The loan would terminate in Year 20 unless there is an extension of the UConn lease and can be extended up to 10 years. During the first three years (construction and initial lease up), the loan will be 3% interest only.

Mr. Freimuth noted that while the loan represents a substantial amount of CRDA funding, the benefits of the project are significant. In addition to contributing to the absorption of vacant office space in the City, the presence of students residing Downtown will contribute to the vibrancy of the area.

Mr. Patricelli questioned whether CRDA funds had ever been used for the benefit of another State entity and whether such use was appropriate. Mr. Freimuth noted that CRDA funds continue to be used for the operation of the Regional Market. He also noted that the loan was being made to the developer and that UConn was a tenant whose presence would significantly help with underwriting.

Mr. Patricelli inquired as to the layout of the floors and whether these could easily be converted into apartments should the UConn dorm idea be abandoned down the road. Jane Davey of Lexington Partners indicated that the conversion of dorm rooms to residential apartments would be comparable to converting a hotel into residential units. Ms. D'allea, Provost for Academic Affairs at UConn, indicated that suites are the preferred layout at present, with a communal living room and kitchen space with a shared bathroom and two bedrooms that function as singles or doubles. Students would also have access to a meal plan utilizing the new cafeteria in the Hartford Times Building.

Ms. Berger-Sweeney expressed concerns about the property becoming tax exempt. Mr. Freimuth noted that that nature of the deal would continue its taxation, though there will likely be a specific City/developer tax agreement structured as part of the overall project approvals.

Mr. Canning expressed his support for the project, noting he worked in this building for many years. In response to a question raised by Mr. Canning, Mr. Freimuth reported that 75-80 suites were planned at a cost of \$50k per unit. Ms. D’alleva indicated that the large atrium – a major drawing point of the building – would provide critical communal space for students.

In response to an additional question from Mr. Canning, Ms. Davey noted that the team has given some thought to converting the main building at 242 Trumbull into additional housing, but there are no plans to move forward with that until after the leases of the existing commercial tenants expire.

Ms. Berger-Sweeny noted that as a member of the Hartford Consortium of Colleges, she supports this project as step toward promoting the City of Hartford as a “College Town.”

Mr. Patricelli commented that this was an important project in terms of precedence. He questioned whether this was a unique project or whether it represented the first of other student housing projects in which CRDA might be involved. Mr. Freimuth reported that other projects are under consideration, including work with non-profit organizations and other higher ed institutions. He noted that while the Temple Street student housing project was not successful, the 64 Pratt Street building is better suited for this role given its presence on a vibrant pedestrian street, its impressive atrium space and its location half a block from the XL Center (where UConn will soon have a larger presence) and one block from the University’s Business School.

Mr. Davis expressed the City’s support for the project, noting that it will be an excellent addition to the Downtown. Commissioner Mosquera-Bruno also expressed her support.

The following resolution was adopted:

*“The executive director is authorized to lend to the borrower, (via a single purpose entity acceptable to CRDA) up to \$10,000,000 for the purposes of converting the 64 Pratt Street (annex of 242 Trumbull St.), Hartford into a dormitory for the University of Connecticut with no less than a 20 year lease at the terms outlined above subject to : 1 /State of Connecticut Bond Commission authorization, 2/ all funding sources sufficient to complete the project being committed; and 3/ such fiduciary terms as deemed necessary and appropriate by CRDA legal counsel and executive director.”*

- 2. 2024 Meeting Dates** - Mr. Freimuth directed members’ attention to the list of 2024 meeting dates included in the agenda packet. Ms. Berger Sweeny noted that the July 5<sup>th</sup> meeting is to be held subject to the call of the Chair and it was unlikely that such meeting would be held.

The next meeting of the Housing and Neighborhood Committee is scheduled for June 7, 2024.

There being no further business, the Committee adjourned at 11:02 a.m.