

Housing & Neighborhood Development Committee

Project: 64 Pratt Street (UConn Housing)

Address: 64 Pratt Street, Hartford, CT

Sponsor: Lexington/LAZ/Shelbourne

Meeting Date: January 10, 2025

Background: 64 Pratt St. (The “Project”) will be the most recent addition to the downtown Hartford UConn campus, giving up to 200 students the ability to live and go to school in Hartford’s central business district. The University is entering into a long-term lease with the owners of the property, a partnership between Lexington Partners, LAZ Investments, and Shelbourne Global Solutions, who will convert the existing 87,000 sq. ft. of vacant office space into approximately 50 student housing units.

CRDA Assistance: In May of 2024, CRDA’s Board of Directors approved a construction loan in the amount of \$10 million that will convert to a permanent note after a refinancing in year three, with any additional proceeds from the refinance applied to the \$10 million construction loan balance. At the time of refinancing, the newly sized loan will carry a term of 20-years with an option to extend the loan for 10-years if UConn renews their lease. The loan will be amortized over 30-years and earn interest of 3%. The CT Bond Commission allocated these funds at its June 7th meeting.

Sources and Uses:

The funds are expected to be allocated as follows:

Sources:

Senior Debt	\$10,575,000
CRDA Loan	\$10,000,000
City of Hartford Grant (from the Revolving Loan Fund)	\$2,000,000
Urban Act Funds	\$3,000,000
Owner’s Equity	<u>\$3,352,270</u>

Total Sources: \$28,927,270

Uses:

Land/Acquisition	\$3,000,000
Hard Costs	\$19,907,168
Soft Costs	\$3,635,680
Financing Costs	\$1,384,422
Carry	<u>\$1,000,000</u>

Total Uses: \$28,927,270

City of Hartford and Urban Act Funds:

In addition to the previous CRDA Board action approving a \$10 million loan for the Project (as outlined above), CRDA’s Board must also act to formally structure and allocate the City of Hartford and Urban Act funds to the Project. CRDA has or will enter into agreements with the City of Hartford and Office of Policy Management to allocate \$5 million to 64 Pratt St. LLC in the form of grants. Therefore:

Resolution:

The Executive Director is authorized to enter into agreements to grant \$2 million of City of Hartford Funds (through the Revolving Loan Fund), and \$3 million of Urban Act funds to the Project, for purposes of converting 64 Pratt Street (annex of 242 Trumbull St.) into student housing units, subject to 1) All funding sources sufficient to complete the project being committed; and 2) such fiduciary terms as deemed necessary and appropriate by CRDA legal counsel and the Executive Director.

1/10/25

BACKGROUND: A planned 235-unit conversion of the former Whitney Manufacturing site in Parkville. Initially this was an estimated \$90M project that now is being restructured due to increased environmental and construction costs, higher interest rates and a variety of historic preservation obstacles. An \$8.5M CRDA loan was approved in early 2023 (March Board Approval, April State Bond Commission approval) but this financing has not closed, and it will have to be restructured to meet the new development proposal reflecting the above changes.

Increased demolition has eliminated some of the commercial space and decreased the redevelopment budget for that component of the project. Concurrently, the housing unit mix has also changed, increasing the number of units and further modifying the budget.

In addition, an initial \$4M/3% I/O brownfield clean up loan via the City/CRDA Revolving Loan Program (approved June 2022) has been fully expended but additional environmental work remains and will have to be undertaken as part of the overall redevelopment plan for the property. This loan was structured to be an interest only construction note and upon full project financing, it would be converted to a subordinate loan based on cash flow from the project. The loan has been in servicing with CRDA but due to the delays in assembling the project financing and the lack of earned income, the developer has had to use cash equity to service the note that would better used to meet the financial and administrative costs being incurred to structure the final capital stack. Consequently, ownership has asked for a six-month forbearance on the debt service pending the restructuring of the project's capital stack.

RECOMMENDATION: To grant a six-month forbearance (November 1, 2024 – April 30 2025) on the existing brownfield loan allowing the developer time and the funds to complete the restructuring of the project's financing program.

RESOLUTION: *The Executive Director and the Chief Finance Officer are authorized to forebear the interest only payments due on the \$4M City Revolving Loan for a period of six months, with the understanding that three months have already been awarded. Further, the Board of Directors shall review and approve any new financing program for the redevelopment of 235-7 Hamilton Street, Hartford Ct.*