

Housing and Neighborhood Committee Virtual Meeting
Approved Meeting Minutes
October 4, 2024
9:00 a.m.

PRESENT:

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

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

Guests Present via Microsoft Teams: Matt Edvardsen (Spinnaker), Newt Brainard (Konover), Eileen Buckheit (Town of East Hartford)

The meeting was called to order by Ms. Berger-Sweeney at 9:03 a.m. and the minutes of the August 2, 2024 meeting were approved on a voice vote.

1. New Projects

- a. 65 Elm Street and 100 Capitol Avenue** – Mr. Peterson walked Committee members through the project, the next phase of Spinnaker’s development of the Elm/Hudson/Capital block at Bushnell South. This project will include the construction of two apartment buildings – 65 Elm will contain 127 units and 3,250 square feet of retail, while 100 Capitol will contain 112 units and 5,250 square feet of retail. Some 20% of the units will be designated as affordable (50%-120% AMI). The unit mix will consist of spacious studios, one- and two-bedroom apartments with amenities such as a pool, beer garden, courtyard, linear green and sunken garden.

The developer is seeking an \$8 million CRDA loan for construction of 65 Elm and an additional \$8 million loan for 100 Capitol, to be offset by the monetization of \$6.5 million in State Historic Tax Credits from the 55 Elm Street project. Both loans would have a 10-year term at a rate of 3%, with an interest-only period for the first 36 months.

In response to a question from Ms. Berger-Sweeney, Mr. Peterson explained that roughly one parking space would be made available for each unit, with parking split between on-site and off-site locations at Bushnell South. Mr. Edvardsen noted that locations would include 71 Elm, 108 Capitol and 94 Hudson Street and other off-site locations in collaboration with Spinnaker, CRDA and the Bushnell Center for the Performing Arts.

Mr. Canning questioned whether all three of the loans would be “cross-defaulted.” Mr. Lazzaro explained that this had yet to be determined and would be considered during drafting of the loan documents. Mr. Edvardsen noted that the construction schedules for the two buildings were expected to overlap at some point, with 65 Elm begun first and followed by 100 Capitol.

The following resolutions were read and approved on a voice vote:

Resolution(s): 1) The Executive Director is authorized to make a construction-to-permanent loan to Spinnaker Real Estate Partners, LLC (or such single purpose entity as approved by CRDA) in the amount of \$8 million, to be used for the construction of approximately 137 units of housing (20% income restricted units) at 65 Elm Street. The loan will carry a 10-year term at 3% interest-only for years 1-3 and amortizing principal and interest on a 30-year/360-month basis beginning in year four. The loan will be subject to CRDA Board approval, State of Connecticut Bond Commission approval, all financing sources being secured, and such fiduciary terms as deemed necessary by the Executive Director and CRDA counsel.

2) Further, the Executive Director is authorized to make a construction-to-permanent loan to Spinnaker Real Estate Partners, LLC (or such single purpose entity as approved by CRDA) in the amount of \$8 million, to be used for the construction of approximately 112 units of housing (20% income restricted units) at 100 Capitol Avenue. The loan will carry a 10-year term at 3% interest for years 1-3 and amortizing principal and interest on a 30-year/360-month basis beginning in year four. The loan will be subject to: the successful monetization of approximately \$6.5 million in tax credits related to 55 Elm Street, the application of approximately \$6.5 million in tax credits funds from 55 Elm Street to the loan (thereby requiring approximately \$1.5 million from State of Connecticut Bond Commission, all other financing sources being secured, CRDA Board approval, State of Connecticut Bond Commission approval, and other such fiduciary requirements deemed necessary and appropriate by the Executive Director and CRDA counsel.

b. Commerce Center Apartments – This proposed multi-family project includes 150 units in five, three-story buildings to be constructed along the Connecticut River in East Hartford. The unit mix will include 19 studios, 38 one-bedroom units, 75 two-bedroom units and 18 three-bedroom units. The buildings will include a wide range of amenities, including a clubhouse, fitness center, pool and dedicated work-from-home spaces. The site also has direct connectivity to the riverfront trail system.

The 35-acre site on East River Drive near Founders Plaza is owned by the Simon Konover Company, who is seeking a \$6.5 million loan from CRDA to complete the housing project. Mr. Peterson noted that the proposed loan would carry a term of 10 years at 3% interest only for the first 36 months.

Ms. Berger-Sweeney noted that she appreciated the project's proximity to local schools and inquired about parking. Mr. Peterson explained that parking would be a mix of covered and uncovered surface lots. In response to a follow-up question from Ms. Berger-Sweeney, Mr. Brainard indicated that the project will look at opportunities for solar carports in the surface lots. Mr. Robinson questioned whether East Hartford's vacancy rates were similar to Hartford and Mr. Peterson responded that not a lot of data exists, particularly given that this is one of the first major projects in East Hartford in many years. Mr. Freimuth noted that the loan for the project would be funded via the special East Hartford Bond allocation.

The following resolution was read and approved on a voice vote:

Resolution: The Executive Director is authorized to make a construction-to-permanent loan of up to \$6.5 million to Simon Konover (or such single-purpose entity acceptable to CRDA) for the purposes of developing 150 apartment units (\$43,333/unit) in East Hartford, CT. The loan will carry a 10-year term at 3% interest-only for years 1-3 and amortizing principal and interest on a 30-year/360-month basis beginning in year four. The loan is subject to CRDA Board approval, State of Connecticut Bond Commission approval, all financing sources being secured, a new or amended Memorandum of Understanding ("MOU") executed with the Town of East Hartford, and such fiduciary terms as deemed necessary by the Executive Director and CRDA counsel.

Ms. Berger-Sweeney left the meeting and chairmanship was passed on to Mr. Patricelli.

- c. 18 Temple Street Refinancing** – Mr. Freimuth reminded Committee members that, in 2021, CRDA helped finance the rehabilitation and conversion of 18 Temple Street from its former dormitory style configuration into 89 garden-style apartments (76 conventional apartments, 12 townhouses and 1 additional unit within 892-900 Main Street), with 20% designated as affordable. The project was part of larger effort to renovate the adjoining "Sage Allen" complex within the Pratt Street Initiative.

Pursuant to Section 2.18 of the loan agreement signed between CRDA and the developer, LAZ Temple LLC, any refinancing of loans senior to the CRDA loan must not adversely affect the project's ability to service the CRDA debt. That section also requires a split of any net proceeds greater than the first mortgage amount (plus required reserves and reasonable closing costs). Generally, loans at or below the initial mortgage amount, at terms longer than initially approved and/or interest rates lower than initially approved with consideration for amortization schedules, are approved at the administrative level.

CRDA has been notified that the project's senior mortgage is being refinanced and will increase in size from \$25 million to \$26 million. Given the increase in the mortgage amount, the refinancing must be approved by the CRDA Board. Mr. Freimuth noted that because the additional \$1 million is being used to fit out commercial tenant space when such tenant lease is secured, it would be appropriate to waive the provisions of Section 2.18. He also noted that

interest rates will be lower under the refinancing and that the term is extended by five years and therefore, he is confident that the refinancing will not adversely affect the developer's ability to service the \$2 million CRDA debt. Furthermore, the \$1 million will provide resources to expand the gross rent potential of the property and be recaptured in that new rent.

The following resolution was read and approved on a voice vote:

Resolution: *The Executive Director is authorized to enter subordination and inter-creditor agreements with the senior lender confirming the new debt structure, providing that the additional funds are only used for tenant improvements designed to increase commercial occupancy or such increase will be subject to section 2.18(b) of the CRDA – LAZ Temple LLC Loan Agreements.*

2. Project Updates – Mr. Peterson provided updates on the following projects:

- a. 275 Windsor Street: CRDA is working through the loan documents with RMS and should be in a position to close on the acquisition loan by year-end.
- b. 81 Arch Street: CRDA is awaiting underwriting items from HB Nitkin for the conversion of the ground floor commercial space into residential. The initial underwriting adds 18 units for a total of 71 apartments. Currently, the building is 96% leased with only two units available.
- c. 30 Laurel Street: CRDA is continuing discussions with Spectra on financing strategies and a number of banks have expressed interest in handling construction financing. United Way – the previous owner – has exercised an option to extend their lease by 90 days, which has delayed the project schedule slightly. Once a senior lender is chosen, CRDA will engage third parties in a parallel path with the senior lender.
- d. 31-45 Pratt Street: The parties are currently finalizing terms and working through due diligence. CRDA is awaiting an update to the ESA and will move to loan documents over the next 2-3 weeks. Construction is expected to start later this month or in November.
- e. 18-20/30 Trinity Street: The parties are finalizing terms and moving to loan docs, with an expected closing by year end.
- f. 847 Asylum Avenue: NINA is in the home stretch of finalizing 847 Asylum, the 19th century, 8,500 sq. ft. former home of Linus Plimpton. In the next month or so, CRDA will be able to preview the final restoration project before it goes on the market.

The next meeting of the Housing and Neighborhood Committee is scheduled for
November 1, 2024.

There being no further business, the Committee adjourned at 9:48 a.m.