

Housing and Neighborhood Committee Virtual Meeting
Approved Meeting Minutes
January 10, 2025
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, Shay Ajayi and Paul Canning

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

The meeting was called to order by Committee Chair Berger-Sweeney at 9:01 a.m. and the minutes of the October 4, 2024 meeting were approved on a voice vote.

1. New Projects

- a. 17 Wells Street** – Mr. Peterson introduced members to the project, indicating that it would not be considered for a vote until the Committee’s February meeting at the earliest. An extension to the Spectra development at 525 Main Street, this \$20.7 million project will include 84 units (56 studios, 16 1B and 12 2B apartments) with 20% of the units designated as affordable (80%-120% AMI). Amenities will be shared with 525 Main and will include a lounge, theater, game room, business center/library, pet spa and bike room. The two projects will share 58 parking spaces on two garage levels on the first and second floors of 17 Wells.

Mr. Peterson noted that CRDA assistance has been requested and staff are considering a \$7 million loan with a minimum term of 10 years. The interest rate on the fixed-rate loan will be 2%-3%, with an interest-only period during construction, not to exceed 30 months. Principal and interest payments will be made for the remaining term or until the loan pays off.

Ms. Berger-Sweeney inquired as to how staff viewed housing demand in the City at present. Mr. Peterson indicated that the Authority was not close to meeting demands, with the market being tight and vacancy rates remaining low. He also noted that as local employees return to their offices, demand may increase. Mr. Freimuth concurred, reporting that leasing rates at CRDA’s most recent projects (completed in the last 6-12 months) have all exceeded projections. Units at 19 Pratt and Colt are nearly 100% leased, while the Revel apartments located on the upper floors of the former Hilton Hotel are currently about 85% leased. Mr.

Freimuth noted, however, that leasing rates in several older CRDA-funded projects – typically with fewer amenities - are leasing in the mid-80's.

In response to a question from Mr. Patricelli, Mr. Peterson reported that the demand for two-bedroom apartments is higher outside of downtown Hartford. The current 10% allocation of such units at 17 Wells is just preliminary and is likely to change as design progresses and could be reduced.

Mr. Robinson questioned whether there will be connections to 525 Main on each floor of 17 Wells or whether they will be more limited. Mr. Peterson indicated that he did not have that information but would provide it to the Committee following the meeting. Mr. Robinson also asked about the parking arrangements, with Mr. Peterson explaining that some parking spaces will be below grade. In response to a follow-up question from Mr. Canning, Mr. Peterson indicated that residents of 525 Main who currently park on the 17 Wells site will need to find alternative parking during construction.

2. Previously Approved Projects

- a. **64 Pratt Street / UConn Dormitory** – Mr. Freimuth reminded Committee members that under this project, UConn will enter into a long-term lease with the owners of the Pratt Street 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 housing for approximately 200 students.

Mr. Freimuth explained that in addition to the \$10 million loan approved by the CRDA Board last May, City of Hartford Revolving Loan and Urban Act funds totaling \$5 million have been designated for the project. CRDA will oversee the expenditure of all these funds and, as such, the Board must act to formally structure and allocate these to the project. CRDA has or will enter into agreements with the City and the Office of Policy Management to allocate these funds in the form of grants.

The following resolution was approved on a voice vote:

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.

- b. **235-237 Hamilton** – This project includes conversion of the former Whitney Manufacturing site in Parkville into 235 housing units and some 40,000 square feet of retail space. Mr. Freimuth explained that total project costs were originally estimated at \$90 million, however, the project is now being restructured due to increased environmental and construction costs, higher interest rates and a variety of historic preservation obstacles.

In June 2022, the Board approved a \$4 million brownfield/environmental clean-up loan from the City Revolving Loan funds administered by CRDA. 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 delays in assembling the project financing and the lack of rental income from the project, the developer has used cash equity to service the note. Such equity, however, would be better used to meet the financial and administrative costs being incurred to structure the final capital stack. Consequently, the developer has asked for a forbearance on the debt service pending the restructuring of the project's capital stack.

In response to a question from Mr. Lazzaro, Mr. Freimuth clarified that under the forbearance proposal, CRDA would forgive rather than defer the interest owed for the designated period.

Ms. Mosquera-Bruno expressed her support for the project and raised concerns about whether the proposed six months was an adequate amount of time for the developer to get the project back on track. Mr. Freimuth indicated that he shared her concerns and would be receptive to extending the time period if that was the Committee's desire. Mr. Lazzaro explained that because these are Revolving Loan funds, the Board should assure City of Hartford permission to extend this period.

Mr. Robinson indicated that he sympathized with the developer in undertaking such an ambitious project, but thought the proposed period would keep the pressure on the developer to restructure the project. He raised a question as to whether the environmental work was far enough along that we could be confident there would be no "surprises" uncovered and Mr. Freimuth indicated that the work was in fact far enough along.

Ms. Mosquera-Bruno suggested extending the period to nine months and asked what the City's response to that might be. Mr. Ajayi indicated that while not directly involved, he was aware of discussions between the City and the developer and considered an extension reasonable. Mr. Freimuth offered his support for the nine-month period and indicated he would secure City signoff before the January Board meeting.

Ms. Mosquera-Bruno offered an amendment to the resolution extending the forgiveness period from six to nine months. Mr. Robinson suggested language extending the period "up to nine months" with the final number contingent on City approval. Ms. Mosquera-Bruno accepted his suggestion.

The amendment was approved on a voice vote and the resolution, as amended, was also approved on a voice vote:

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 up to nine 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.

In response to a question from Ms. Berger-Sweeney, Mr. Freimuth indicated that construction on this phase of the project is expected to take 18 to 24 months.

3. Project Updates – Mr. Freimuth directed Committee members’ attention to the project spreadsheets included in the agenda packet. He noted that leasing rates were holding and that some projects, including 179 Allyn and Teacher’s Corner, were undergoing sales or refinancing.

He reported that CRDA has used up much of its housing funding, with some \$40 million remaining unallocated. CRDA will look to the Governor and General Assembly to replenish funding this legislative session and the agency has asked for \$50-\$60 million in its budget request to OPM.

Mr. Freimuth also highlighted the following projects:

- a. Trinity Street – Stakeholders working toward closing - multiple funding sources presenting a challenge;
- b. 55 Elm – Coming online soon;
- c. 525 Main and 275 Pearl Street – Coming online soon;
- d. Fuller Brush - Coming online soon;
- e. DoNo – Next phase garage has been completed with residential construction underway;
- f. NINA – Plimpton House completed – new project requests expected;
- g. 65 Elm / 100 Capitol – Initial financing approved;
- h. Bushnell South – Meetings continue with TMO on Parcel 4 plans;
- i. 15 Lewis Street – Developer exploring conversion of property to hotel;
- j. Arrowhead – Under construction;

4. 2025 Meeting Schedule – Mr. Freimuth also directed members to the list of 2025 Committee meeting dates in the agenda packet. Mr. Canning suggested that a future meeting be held in person with a possible “coffee time” prior to give Committee members a chance to socialize. Ms. Berger-Sweeney expressed her support for the idea and indicated that she would circulate potential dates. Mr. Freimuth suggested meeting at a project site and offered to find a location.

The next meeting of the Housing and Neighborhood Committee is scheduled for February 7, 2025.

There being no further business, the Committee adjourned at 9:53 a.m.