

**CRDA Housing & Neighborhood Committee Meeting
Microsoft Teams Meeting**

Friday, May 2, 2025

9:00 am

Agenda

- I. Introductions
- II. Approval of Minutes from February 7, 2025 Meeting*
- III. New Projects
 - a. 150 Trumbull Street*
 - b. Dutch Point*
- IV. Project Updates
- V. Next Meeting: June 6, 2025
- VI. Adjournment

**Vote item*

Microsoft Teams

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**Housing and Neighborhood Committee Virtual Meeting
Draft Meeting Minutes
February 7, 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, Joe Geremia and Kim Hart

Guests Present via Microsoft Teams: Daniel Klaynberg (Spectra)

The meeting was called to order by Committee Chair Berger-Sweeney at 9:02 a.m. and the minutes of the January 10, 2025 meeting were approved on a voice vote.

1. New Projects

- a. 17 Wells Street** – Mr. Peterson reminded Committee members that this 84-unit project is an extension of the redevelopment of 525 Main Street, which included 42 apartments over retail. The total project cost is \$20.7 million and will include 56 studios, 16 one-bedroom and 12 two-bedroom apartments. Finishes will be similar to existing Spectra projects; kitchens, wardrobes, Italian stone and tile, vinyl plank wood grain floors, integrated appliances and other high-end finishes. Amenities will be shared with 525 Main and include a lounge, theater, game room, business center/library, pet spa and bike room. Residents of the two buildings will share 58 parking spaces located on the 1st and 2nd floors of 17 Wells Street. Spaces will be provided on a first-come first-served basis equally to both buildings.

Staff recommend making a loan of up to \$7.0 million to Spectra for the project. The proposed loan will have a minimum term of 10 years. The interest rate on the fixed-rate loan will be 3%, with an interest only period during construction, not to exceed 36 months. Principal and interest payments will be made for the remaining term, or until the loan pays off. Interest payments will be calculated using a 360-month amortization schedule and the loan is pre-payable at any time without penalty.

In response to questions from Ms. Berger-Sweeney and Mr. Canning, Mr. Peterson reviewed the size of the units and estimated rents:

- Studio – approx. 350 sf, with rents in the range of \$1,100 to \$1,200 per month
- 1 Bedroom – approx. 500 sf, with rents in the range of \$1,900 to \$2,00 per month
- 2 Bedroom – approx. 700 sf, with rents in the range of \$2,700 to \$2,800 per month

Mr. Patricelli noted that the building design had changed from steel to stick-built. He questioned Mr. Klaynberg about the cost premium Spectra would have paid for the steel and whether additional floors had been planned. Mr. Klaynberg confirmed that steel construction represented a 20-25% premium and that additional floors had been planned. Mr. Patricelli also asked whether Spectra was comfortable with the market for 2-bedroom units. Mr. Klaynberg noted that these will be premium units facing Bushnell Park and the Capitol and while they may be less in demand, he feels confident they will be leased.

Mr. Klaynberg also expressed confidence that as the number of units in the area increases a grocery store and/or pharmacy should soon follow. Ms. Berger-Sweeney noted that despite the absence of a grocery store and pharmacy, the project still had a high walkability score.

Mr. Robinson questioned why such a large CRDA loan was required, noting that he thought the project would be more self-sustaining. Mr. Peterson replied that it was still early and other funding sources may come into play. He noted that the loan was in an amount of “up to \$7 million” and he was confident that the final number would be lower than the maximum. He also reminded Committee members that the project could not work without CRDA assistance. Mr. Freimuth noted that these units are carrying the cost of the garage below, something CRDA has encountered in only one other project.

Mr. Peterson noted that Hartford’s overall vacancy rate is 5.3%, the 5th lowest rate nationwide. Across all states, vacancy rates averages 8%.

Mr. Canning asked whether this loan would be cross-defaulted with the adjacent 525 Main Street loan and when told that was to be negotiated, he suggested modifying the resolution to include this requirement. Mr. Klaynberg noted that this would be complicated, as the two projects are being overseen by two different LLC’s with two different sets of lenders. Mr. Canning countered that not cross defaulting would be a bad business move on CRDA’s part. Mr. Lazzaro noted that this would be his preference from a legal perspective. Mr. Freimuth indicated that if the Committee wished to move the resolution, the cross default language would be included in the 17 Wells resolution before it reached the full Board.

The following resolution was approved on a voice vote with the stipulation that cross default language would be added prior to the Board meeting:

Resolution: The Executive Director is authorized to provide financing to Spectra Construction and Development Corp. (or such single purpose entity as approved by CRDA) for the development of 17 Wells Street, Hartford, CT., consisting of 84 residential units. CRDA will lend up to \$7.0 million at 3% interest, with an interest-only period during construction, not to exceed 36 months. Interest will be paid using a 420-month amortization schedule and approval is subject to: 1) All financing being secured; 2) Approval of the State Bond Commission; 3) Approval of a Development Agreement by the City of Hartford for such project; and 4) Such fiduciary terms as deemed necessary and appropriate by the Executive Director and CRDA counsel.

2. Project Updates

- a. **241 Asylum** – Mr. Peterson updated Committee members on a potential payoff of the CRDA loan for the 241 Asylum project. In late 2018, CRDA provided Werner and Company with a \$200,000 loan for the construction of four units on floors 6 and 7 of the so-called “Cast Iron Building” at a 3% interest rate, interest-only for a 2-year term with the ability to extend the loan for three years at 3%, amortizing principal and interest over 25 years. The borrower exercised its three-year extension option, and in 2023, CRDA approved another 1-year extension.

The current CRDA loan balance is approximately \$167,000. While the loan matured in September, Werner has kept current on their debt service. In January, Werner submitted a letter proposal to CRDA suggesting the current senior lender and the Community Economic Development Fund (“CEDF”) provide financing to complete the conversion of the remaining two floors and pay down CRDA’s loan.

CRDA is actively pursuing the borrower’s proposal but needs to review requested information in order to make a recommendation. Given the borrower’s accelerated timeframe and if the new structure is determined to be favorable, staff will present a resolution to the full board on February 20th.

3. Other Business

Ms. Berger-Sweeney asked a general question as to how the construction industry is thinking about costs in light of proposed tariffs. Mr. Klaynberg indicated that there has been no impact as yet. He noted that as a company that imports a great deal of materials from places like Italy and China, Spectra has seen cost increases in the past (e.g., during Covid) and they are not expecting anything that cannot be covered by contingency.

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

There being no further business, the Committee adjourned at 9:44 a.m.

Housing & Neighborhood Development Committee

Project: 150 Trumbull St.

Address: 150 Trumbull St., Hartford, CT

Sponsor: Shelbourne Company

Meeting Date: May 2, 2025

Background: 150 Trumbull St. (The "Project") is a 56,410 sq. ft. mixed-use 5-story vacant office building with ground-level retail. Shelbourne Company (The "Borrower") currently owns the building and has approached CRDA to assist in financing the property's conversion from office to residential. 150 Trumbull St. was built in 1909 and has a distinctive "Federal Style" architectural façade, once the home of the Flint Bruce Company Furniture Store and Luke Horfsall Clothier. In 1955 the building was home to Shoor Brothers Furniture, one of the leading furniture stores in Hartford. Since then, various retailers and small businesses have occupied the office and ground floor retail, but a decline in downtown office use from the pandemic and a shift to hybrid and remote work styles caused a significant drop in occupancies.

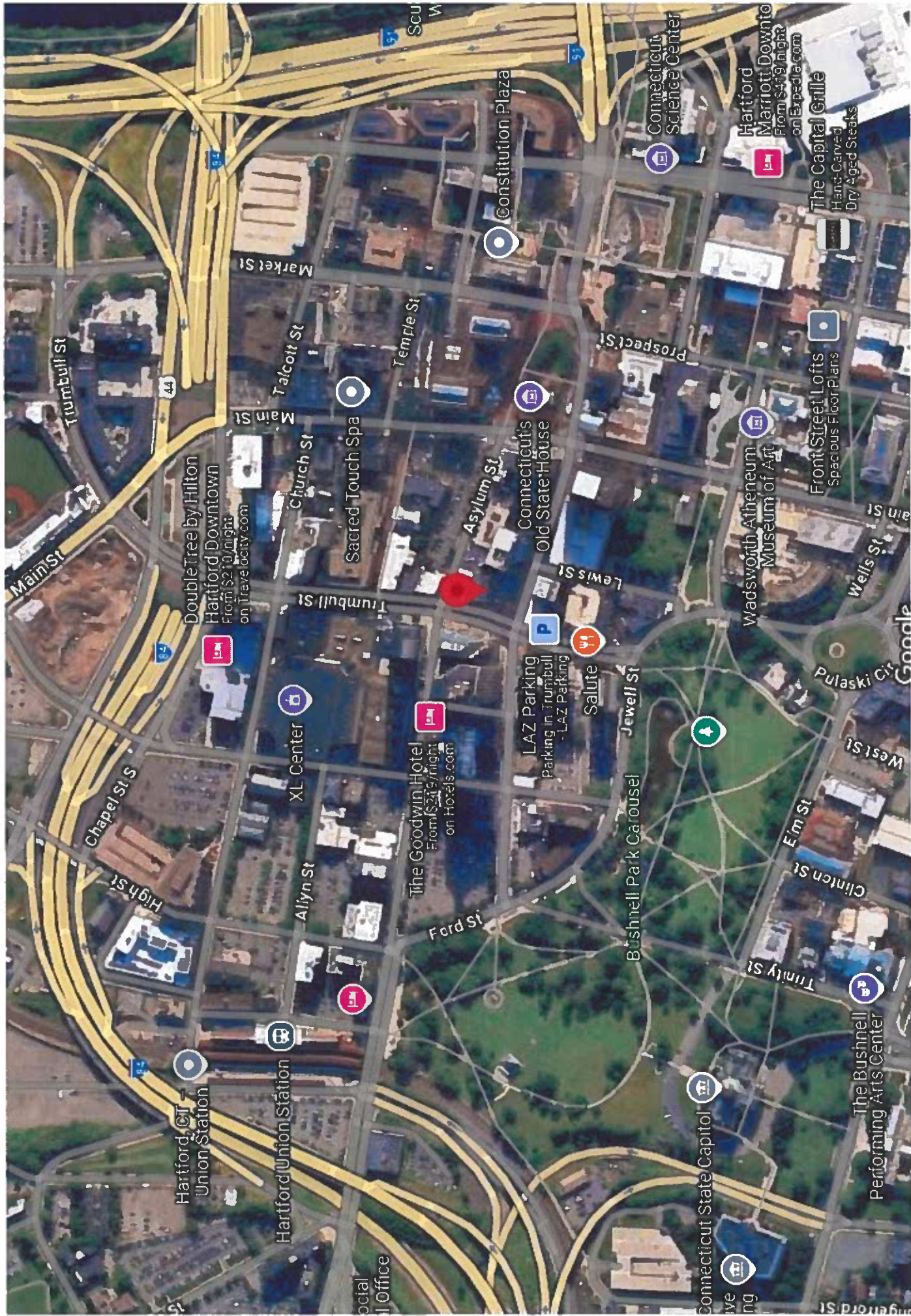
The Project: The old "Corning House" office building will be converted into 46 apartment units above Max's Trumbull Kitchen, which has 7 years of remaining lease term. Early plans for the \$16,000,000 (\$347,100 per unit) project anticipate a buildout of 12 studios, 28 one-bedroom units, 5 two-bedroom units, and 1 three-bedroom unit, with an average unit size of just under 700 sq. ft. Amenities will include a lounge, fitness room, bicycle room, business center, dog washing station and library. In addition to Trumbull Kitchen, 1,000 sq. ft. of retail (that connects to Asylum) will be improved and marketed for leasing. Parking does not come with the building, but monthly parking is available at 100 Pearl St. (adjacent to the property) and a block away at 100 Trumbull St. (LAZ). The property is conveniently located across the street from the XL Center. Pratt Street's restaurants, shops, bars and nightlife are a block away, providing a pedestrian-only cobblestone street.

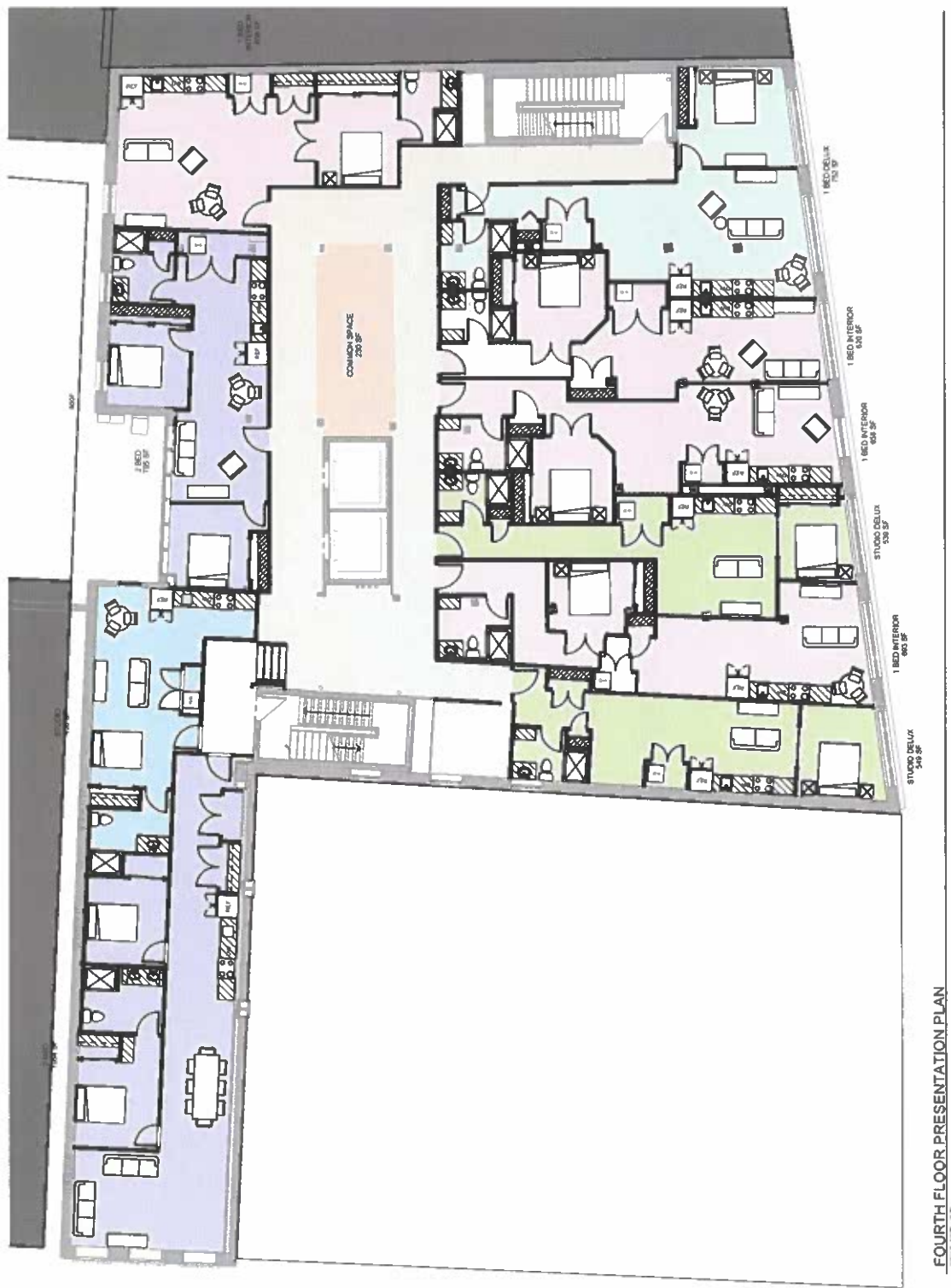
Shelbourne is a New York based company that owns and manages approximately 500 residential units in Hartford (Pratt & Trumbull, 99 Pratt, 196 Trumbull, Millenium Towers, and the Sage Allen Apartments) with over 200 units in various stages of development, including 64 Pratt (with partners Lexington and LAZ), Bristle and Main (Fuller Brush), and the Project. They are also the largest landlord of commercial space in Hartford.

Proposal: Staff recommend making a loan of up to \$4,000,000 (\$86,900 per unit) to Shelbourne (or such single purpose entity as approved by CRDA) for the conversion of office to 46 residential units at 150 Trumbull St., Hartford, CT. Should the city make City Home Funding available in the amount of \$400,000, the CRDA loan will fully fund at \$3,600,000, or \$78,300 per unit. At stabilization, the senior construction loan will be refinanced and the CRDA loan will be resized to \$1,850,000, or \$40,200 per unit, well below CRDA's portfolio average of approximately \$65,000 per unit. The proposed loan will have a term of 10-years. The interest rate on the fixed-rate loan will be 3%, with an interest-only period during construction not to exceed 24 months. Principal and interest payments will be made for the remaining term (or until the loan pays off) using a 300-month amortization schedule. The loan is pre-payable at any time without penalty.

Resolution: The Executive Director is authorized to provide financing to Shelbourne Company (or such single purpose entity as approved by CRDA) for the conversion of vacant office space into 46 residential units at 150 Trumbull Street, Hartford, CT. CRDA will lend up to \$4.0 million at 3% interest, with an interest-only period not to exceed 24 months. Interest will be paid using a 300-month amortization schedule and approval is subject to: 1) All financing being secured; 2) Approval of the State Bond Commission; 3) City Council approval of a Tax Agreement with the Borrower for the Project; and 4) Other fiduciary terms deemed necessary and appropriate by the Executive Director and CRDA counsel.







Sources and Uses (At Closing) 150 Trumbull Street		Sources and Uses (At Refinance) 150 Trumbull Street		Stabilized Capitalization (2028) 150 Trumbull Street	
<u>Sources of Funds</u>		<u>Sources of Funds</u>		<u>Sources of Funds</u>	
Equity	\$ 2,000,000	Construction Loan Take-Out	\$ 12,500,000	Senior Loan	\$ 12,500,000
Construction Loan	\$ 9,000,000			CRDA Loan	\$ 1,850,000
CRDA Loan (New)	\$ 3,600,000	Total Sources of Funds	\$ 12,500,000	Deferred Development Fee	\$ 1,000,000
Deferred Fees	\$ 1,000,000			Owners Equity	\$ 935,000
City Home Funding	\$ 400,000				
Total Sources of Funds	\$ 16,000,000	<u>Uses of Funds</u>		Total Sources of Funds	\$ 16,285,000
		Repay Construction Loan	\$ 9,000,000		
<u>Uses of Funds</u>		Estimated Closing Costs	\$ 250,000		
Land/Acquisition	\$ 2,700,000	CRDA Paydown	\$ 1,750,000		
Construction (Hard Costs)	\$ 9,100,000	Payment of Accrued Pref	\$ 470,000		
Soft and Financing Costs	\$ 4,200,000	Equity Paydown	\$ 1,030,000		
		Total Uses of Funds	\$ 12,500,000		
Total Uses of Funds	\$ 16,000,000				

Proforma
150 Trumbull St.

	<u>Stabilized (2028)</u>
<u>Gross Potential Income</u>	
Residential	\$ 1,270,564
Commercial	\$ 217,922
Parking	\$ -
Other Income	\$ 8,697
Gross Potential Income	\$ 1,497,183

<u>Vacancy Factor</u>		
Residential	\$ 74,859	5%
Effective Gross Income	\$ 1,422,324	

<u>Expenses</u>		
Real Estate Taxes	\$ 55,000	
Salaries and Benefits	\$ 52,509	
Insurance	\$ 22,674	
Utilities	\$ 19,094	
Repairs & Maintenance	\$ 23,727	
General & Administrative	\$ 21,481	
Management Fee	\$ 57,753	4%
Advertising and Leasing	\$ 12,173	
Cleaning and Decorating	\$ 10,740	
Service Contracts	\$ 19,235	
Reserves & Contingency	\$ 46,973	
Total Expenses:	\$ 341,360	
Expense Ratio:	24%	
Net Operating Income (NOI)	\$ 1,080,965	

1st Mtge (Interest)	\$ 762,500
2nd Mtge (Interest)	\$ 105,275
Total 1st & 2nd Mortgage	\$ 867,775
Net income after mortgage int.	\$ 213,190

DSCR	1.25	x
DSCR (term average)	1.17	x
Debt Yield (on Refi mortgage)	8.65%	

<u>Loan Balances</u>	<u>Expected 12/31/2026</u>
Refi Mortgage (at Stabilization)	\$ 12,500,000
CRDA	\$ 1,850,000
Total Loan Balances	\$ 14,350,000

Housing & Neighborhood Committee

Project: Dutch Point Development

Address: Dutch Point (Osten Boulevard), Hartford, CT

Sponsor: Housing Authority of the City of Hartford

Meeting Date: May 2, 2025

Background: At the January 16th CRDA Board Meeting, Annette Sanderson and Elisa Hobbs from the Housing Authority of the City of Hartford ("Hartford Housing Authority," or "HHA") gave a brief overview of the history of housing development at Dutch Point and presented a preliminary site plan to build 31 for-sale homes on 1.9 acres on the south end of downtown. HHA requested that CRDA help finance pre-development costs to determine the project's viability.

History: During World War II, The Dutch Point Public Housing Project was a federally funded barracks-style development, meant to be transitional housing for veterans and low wage workers. The Project served Hartford residents for many years, but over time, after the war ended and factory jobs slowly disappeared, Dutch Point suffered from underinvestment and disrepair.

In 2002, HHA partnered with The Community Builders to build a new housing development on-site. Through the Hope VI revitalization initiative, a Federal HUD program set up to rebuild distressed public housing projects, Dutch Point underwent a significant transformation, replacing the previous Public Housing Project with pedestrian-friendly streets and community amenities in high demand for individuals and families. The neighborhood then offered a mix of townhouse-style condominiums and rental units, along with a central community center and park. Over the next decade, 127 rental units were constructed, with a plan to build 58 townhomes for home ownership. The townhomes stalled in 2007 during the global financial crisis, and only 27 townhomes were completed. The HHA would like to finish the original plan and build-out an additional 31 units on city owned lots to connect the neighborhood.

Purpose: Homeownership at Dutch Point offers a compelling opportunity for prospective buyers seeking affordability and a sense of community in a family-friendly environment with immediate access to the amenities of downtown Hartford. The revitalization strategy was successfully implemented at Dutch Point only to be delayed by a historic financial crisis; with strong demand and limited affordable options in Hartford, the addition of 31 homes to complete the project will help first time buyers at a time where there are very limited affordable options.

Proposal: Staff recommend making a loan of up to \$250,000 to the Hartford Housing Authority for pre-development costs associated with the remaining build-out of Dutch Point (Budget attached). The proposed loan will carry a term of 5 years and will be interest-only throughout. The interest rate on the loan will be 1% and will be fully accrued until payoff or maturity, whichever comes first. The loan may be forgiven in CRDA's sole discretion; however it is CRDA's assumption that the loan will be paid off at the closing of the development's construction financing. The loan will be pre-payable at any time without penalty.

Resolution: *The Executive Director is authorized to provide financing from the CRDA Housing Revolving Capital Fund to The Housing Authority of the City of Hartford (or such single purpose entity as approved by CRDA) for pre-development costs associated with the completion of the development at Dutch Point, consisting of approximately 31 for-sale homes. CRDA will lend up to \$250,000 at 1% interest, with interest only throughout the loan term of 5-years. All interest will be accrued until payoff or maturity, whichever comes first. CRDA may forgive or extend the loan in its sole discretion. Approval is subject to such fiduciary terms deemed necessary and appropriate by the Executive Director and CRDA Counsel.*

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DUTCH POINT HOMEOWNERSHIP PROJECT	
ARCHITECTURAL & ENGINEERING:	
Community Engagement	20,000.00
Master Planning / Conceptual Design	75,000.00
Survey	20,000.00
Total	115,000.00
ENVIRONMENTAL:	
Phase I & II Environmental Study	40,000.00
Environmental Review Report / CEPA	15,000.00
Geotechnical Report	20,000.00
Total	75,000.00
FINANCIAL:	
Construction Budget / Sources & Uses	25,000.00
Total	25,000.00
OTHER STUDIES:	
Market Study	10,000.00
Homeownership Plan	25,000.00
Total	35,000.00
TOTAL	\$ 250,000.00