



HOUSING & DEVELOPMENT CORP.

480 ann st.
hartford, connecticut
06106
525-2799 / 527-2204

January 12, 1984

Michael Swack

New Hampshire College
School of Human Services
2500 North River Road
Manchester, N.H.

Re: Arthur G.Pomeroy House
490 Ann Street
Hartford, Ct. 06103

Dear Michael,

Please excuse the delay in sending you the final report on my class project, but I had been waiting for the formal reply from the City of Hartford Court of Common Council regarding the disposition of the above named property to our organization. Attached is a copy of the correspondence and the Council resolution which arrived at our office in today's mail.(Attachment A)

As I mentioned in my class presentation in December, the Pomeroy House project was initially meant to include four floors of office space , approximately 10,000 sq.ft.,but that was prior to the tremendous boom of office space construction that has saturated the market (Class A space) for new space and has created a large availability of Class B space in downtown's older office buildings (10 to 15 years old).

After several meetings with local real estate firms and small office space developers, we decided that a more viable project would include residential units with some office space. Our consideration for housing was also enhanced by conversations we had with City officials who suggested that Community Development Block Grant monies might be made available to us for a mixed use project.

The above information is important but does not really bring to light what has really been happening with our request to purchase this building since April of 1983. The following information attempts to give you a complete picture of how we almost didn't get here.

In April , '83 after a series of meetings with Mr.David Zeldis, a Certified Public Accountant who will be representing the investors in the Pomeroy House Limited Partnership , we submitted a letter to Mr.Larry Thompson of the Hartford Redevelopment Agency requesting that we all meet to discuss the Pomeroy House project, so that we could resolve the Catch-22 position we were in.(Attachment B)

Much to our surprise, we received no response from the Redevelopment Agency. After several weeks of attempting to contact (unsuccessfully) Mr. Thompson I approached the City Manager's Special Assistant and informed him of our dilemma. Two days later, we were informed by a staff person at the Redevelopment Agency that because of other interested parties, Mr. Thompson had decided that the city would request proposals from all parties and then a decision would be made as to the selected developer.

This was very interesting in light of the fact that the City has a disposition policy that gives the abutting property owner first choice at buying the property. In this instance, our organization was the abutting owner and had been after the City for the past several years to sell us the property.

On June 1, 1983 we were informed that the City Redevelopment Agency was soliciting proposals for the proposed use of the Pomeroy House located at 490 Ann Street and would accept proposals from interested parties until August 2nd (a ninety day period).

On August 2nd, TAINO submitted a proposal to the Redevelopment Agency that included a substantial amount of information on the proposed project but also gave the Agency an extensive history of the organization and its accomplishments. (Attachment C) The following morning we were called and asked to bring four more copies of the proposal to their office because they had decided to let four persons on the Redevelopment Agency staff read the proposals and then make a recommendation to Mr. Thompson, the Director.

In early September, we were informed that staff had reviewed the TWO proposals submitted and wanted to meet with both developers so that any questions they had regarding the information that was submitted that needed clarification could be answered. In mid-September, we met with Redevelopment Staff and were asked to give a verbal presentation of our written proposal. Several days later we were informed that staff had discussed both proposals and presentations at length and that their vote had been evenly divided. Two votes for our proposal and two votes for our competitor. However, we were also informed confidentially that the two votes that were cast in our favor were cast by Deputy Director and by the Property Disposition Manager (the two senior staff people in the Agency) and that the other two votes were cast by two junior staff people in the department. Another interesting fact is that our two votes were cast by males and the other votes were cast by two females - our competitor was a newly formed non-profit headed by a woman.

At this point, things begin to get interesting. Two days after the tie vote is cast, we receive an anonymous call that informs us that we should look into the Board of Directors of our competitor as one of them is related to one of the Redevelopment Agency Staff that took part in the review and voted on the proposals against us.

A trip to the Connecticut Secretary of State's office provided us with information that proved that in fact, a young lady on the Redevelopment Agency Staff was married to a Board member of the competing organization. This indicated a clear cut conflict of interest. In the interim, both developers are asked to meet with Mr. Thompson, a one to one conversation, so that he can get a feel for each person and hopefully be able to get a "gut" reaction. This meeting was suggested by his two senior staff people after the tie vote and after (we were to find out later) asking them why they had selected us and not the other group.

The one on one meeting began very friendly but I began to notice that he kept trying to solicit my opinion as to the other groups' proposal. I informed him that that information had not been made available to us and that I had been led to believe that he and I were meeting to discuss the proposal we had submitted. At one point, he came out and asked me how I would feel if the decision went against us. My response was very honest. I told him that initially I would feel very disappointed and then I would be very mad and finally I told him that I would need to know very specifically why we had not been selected and that I would then consider suing the City for what I would consider a breach of implied contract. I reiterated our extensive involvement with the particular property since 1977, our extensive list of accomplishments in completing housing rehab projects for low and moderate income families at well below market rates, the return of tax delinquent properties to the cities' tax rolls and last but not least, I questioned why his agency would ^{NOT} chose an experienced developer like TAINO over a newly formed non-profit with no track record and no experience.

Upon confirming the conflict which existed within the Redevelopment Agency Staff, I called Mr. Thompson and gave him the information and asked if we were now the selected developer, seeing as how her vote should not count and therefore the remaining votes would favor our proposal. Mr. Thompson informed me that his staff had not really voted, only expressed an opinion and a recommendation and that the young lady had recently informed him of her relationship with the other group and that he had removed her from any further involvement with this particular property and that he would make the final decision regarding the sale of the property and that any questions should go to him. I was dumbfounded ! I could not believe his sense of justice and fair play !

At this point , the Property Disposition Manager called me and mentioned that he could not understand why the recommendation of the two senior staff people would not be taken in this particular case but suggested that I begin to play politics.

I think that it is important to note that we had already been successful in having the Pomeroy House listed on the National Register of Historic Places and therefore making this a very attractive building for a syndicator. We soon found out that a local syndicator and very good friend of Mr. Thompson was a backer of the competing organization.

The next several weeks were spent playing politics with the Council (remember this was an election year, a Puerto Rican with a lot of community support was in the run for the roses and she had publicly pledged her support to our organization) and following up on a suggestion we made to the City Manager that the community people who reside in the neighborhood where we were proposing our project(s) - they and us - should be asked to give their opinion as to which developer they would like to see rehabilitate the Pomeroy House.

At the Managers' insistence, the Redevelopment Agency announced that the City would hold a community hearing so that neighborhood residents could react to two proposals being submitted to the City. Emphasis was placed on neighborhood residency and the meeting was scheduled for November 2nd. It could not have been planned any better. About fifty persons came to the meeting, several spoke and the transcript of that meeting is attached.(Attachment D) It was fascinating to hear the community speak out in our behalf - truly unsolicited ego building.

I would also like to mention that on August 4th, we had responded to a request for proposals from the Housing Department for the use of Community Development Block Grant monies for housing rehab projects that would benefit low and moderate income families and stated that we would be interested in borrowing CDBG monies for the proposed residential rehabilitation that would take place at the Pomeroy House if the Redevelopment Agency selected us as the developer for that property. On September 6th, we forwarded additional information to the Housing Dept. regarding costs and schedules as per their request, and in October were informed that our proposal was still being considered and informally were told by staff that their consideration would be there until the Redevelopment Agency decided on who they would sell it to.(Attachment E)

Subsequent to the November community meeting, on December 6th, our request to purchase the Pomeroy House was considered by the Commission on the City Plan and all members present voted affirmatively. (Attachment F) The following morning, a letter was sent to the City Manager informing him of their action and the Manager in turn, prepared a letter and attached resolution to be forwarded to the Mayor and the Court of Common Council.(Attachment G).

On December 12th, the Council referred the resolution to Committee who then scheduled a Public Hearing as required by the Charter for December 19th.(Attachments H - I) On December 22nd, the Council Committee received the public hearing report and approved the sale of the Pomeroy House .(Attachment J) This committee approval was submitted for a full Council vote on January 3rd. The Council voted unanimously to sell us the Pomeroy House at 490 Ann Street.

On January 5th, the Housing Department called us to let us know informally that they have reserved a \$150,000 CDBG loan for us to use towards leveraging the remaining \$200,000 in private mortgage money we will need to make this project a reality.

During the past week, I have met with the accountant representing the limited partners to discuss the more formal contracts that will need to be drawn up between TAINO and the General Partners, between TAINO and the Limited Partnership, etc.

At this point it appears that they will agree to the following:

- TAINO will be the General Contractor
- TAINO will be the Managing Agent after the rehabilitation is completed
- TAINO will sell them the building, there will be a guaranteed price for repurchase by us and we will lease them the land on which the building is located (No land sale)
- Limited Partnership agrees to invest \$150,000
- TAINO agrees to secure \$350,000 in construction and permanent mortgage financing at below market rates (CDBG \$150,000 @ 1 - 3 % , CIGNA, Aetna or the newly created Capitol Housing Corp, \$200,000 @ 10 %)

I have already held preliminary conversations with representatives of the three private lending institutions mentioned above and will follow these up with the submittal of more formal proposals for financing.

I have also been in touch with the Department of Licenses and Inspections (Building Dept) and have been informed that they would issue a temporary permit to allow interior demolition prior to the actual building purchase and closing that at this time is scheduled to occur during the next ninety (90) days. All we would need to show them is evidence that we have taken out insurance and that we have named the City of Hartford as a co-insured.

It's all over but the banging of the nails !

What more can I say ? I feel as if a tremendous burden has been lifted from my shoulders. I'm going to get the opportunity to really exercise my imagination on this one.

Hoping to hear from you soon.

Respectfully,

Joseph E. Perez

Attachments A - J