



Connecticut Housing Finance Authority
Name of Entry: Bridgeport Investment Program
Category: Rental Housing – Encouraging New Production
NCSHA 2011 Annual Program Awards

An Innovative Public, Private and Community Partnership to Create Affordable Housing

The City of Bridgeport is the largest municipality in the State of Connecticut. Located in Fairfield County along Long Island Sound, Bridgeport boasts a strategic location as a deep-sea port, a crossroads of major interstate highways, and a hub of railroad lines. These railroad lines make it easy for Bridgeport residents to commute to employment in southern Fairfield County, or New York City 70 miles south.

AN IMPORTANT STATE HOUSING NEED

Fairfield County is one of the most affluent counties in the United States, with median income of \$79,063 in 2009. The median rent in Fairfield County is \$2,033, and the median house and condo value is \$460,500. Comparatively, the median income in Bridgeport was \$39,949 in 2009, the median rent is \$1,200 and the median house and condo value is \$218,100. For people of modest means and those just starting out, there are virtually no affordable housing options available in Fairfield County. As a result of demographic changes and escalating housing prices in the greater Bridgeport region, the City of Bridgeport envisioned itself as uniquely positioned to attract new residents by providing much needed affordable housing for Fairfield County.

STRATEGIC OBJECTIVES

In an expectation to capitalize on its assets of multi-modal transportation access and affordable land values relative to the region, and to recapture its position as a central player in the southern Fairfield County economy, Bridgeport engaged in several planning efforts. These planning efforts resulted in economic, community and housing development strategies that would ensure compatibly located uses and new development projects that would meet high-quality design standards and complement the city's existing urban fabric.

Bridgeport issued two significant plans: "*Re-imagining Downtown Bridgeport*" in June 2007 and "*Bridgeport 2020: A Vision for the Future. Master Plan of Conservation and Development*" in March 2008 (the "Master Plan"). The plans featured housing as a key component of Bridgeport's resurgence in the 21st century, with a special emphasis on creating housing options in the downtown "teardrop" as well as transforming many of the outlying neighborhoods into communities of choice. Both plans recommended promoting a variety of housing options including lofts, adaptive-reuse apartments and new mid-rise apartment buildings to appeal to those being priced out of other areas of Fairfield County. Additionally, the Master Plan encouraged mixed-use and mixed-income development, revitalization, historic preservation and environmental greening (green and/or conservation design elements and streetscapes).

While Bridgeport had at its disposal the traditional array of federal HOME, CDBG and local financing resources, implementation of the vision contained in the plans required more local will as well as expanded partnerships. In 2007, the Connecticut Housing Finance Authority ("CHFA") partnered with

GE Money Bank (“GE”), a consumer and small business finances/services unit of General Electric with a large corporate presence in Fairfield County. GE initiated the partnership by purchasing \$25.0 million in taxable bonds issued by CHFA. The bond proceeds were designated to finance housing development projects in Bridgeport proposed in accordance with Bridgeport’s plans at a very favorable 4.0% interest rate with thirty-year terms. CHFA and GE met with City of Bridgeport staff, local business leaders and housing advocates, and with their input created the ***Bridgeport Investment Program***.

The ***Bridgeport Investment Program’s*** goals included addressing the housing affordability crisis in Fairfield County, stimulating investment and economic growth in Bridgeport, stimulating mixed-use development with pedestrian-friendly streetscapes, and creating quality affordable housing around Bridgeport’s extensive public transportation hubs. The ***Bridgeport Investment Program*** was guided exclusively by the revitalization strategies as articulated by the City’s plans, including an emphasis on transit-oriented downtown and neighborhood development grounded in “green” and “smart growth” principles. CHFA issued a Request for Proposals (“RFP”), and respondents were evaluated based on how closely their proposals matched the ***Bridgeport Investment Program’s*** goals outlined in the RFP.

BENEFITS TO HFA TARGETED CUSTOMERS

To date, three housing developments have been funded through the ***Bridgeport Investment Program***. The first and largest development financed under the program is 323 Fairfield Avenue at Bijou Square (“Bijou”). This mixed-use building, the first new housing construction in Bridgeport’s downtown in more than 20 years, represented the final piece in the redevelopment of an entire block. Bijou contains 84 apartments and seven retail units and is currently in the lease-up phase. As of June 30, 2011, 52 apartments, or 61.5%, have been rented and six of the seven retail spaces have been rented and have opened for business.

The second development to receive financing from the ***Bridgeport Investment Program*** is 333 State Street. This project, the adaptive reuse of a long-vacant, seven-story commercial building, also includes significant environmental remediation. When the rehabilitation is completed, the building will contain 65 apartments and two commercial spaces. The building is currently under construction and expected to begin lease-up in the fall of 2011.

Clinton Commons was the final development funded by the ***Bridgeport Investment Program***. This 33-apartment affordable housing development will replace four dilapidated, vacant multifamily buildings located directly behind a new elementary school in the West End of Bridgeport. Demolition and construction of the development is expected to commence in the third quarter of 2011.

Together, the three developments will offer 182 new housing units which will benefit HFA targeted customers. A total of 10 apartments are restricted to households earning between 25 and 50 percent of Area Median Income (“AMI”), 34 units are restricted to households earning between 50 and 60 percent of AMI, and 45 apartments are restricted to households earning between 60 and 120 percent of AMI. An additional 93 apartments are designated as market rate; however the rents being proposed for these units fall below the maximum HUD rents for households earning between 60 and 120 percent of AMI in Fairfield County.

The planning, design and construction of the developments were guided by the CHFA Standards of Design and Construction (the “Standards”). The Standards are intended to ensure that all housing financed through CHFA’s multifamily lending programs best serve the needs of its inhabitants with as much quality, safety, energy efficiency, durability, comfort, environmental quality and sustainability as the marketplace, available resources and development need will permit. For the past three consecutive years, the Standards have been recognized by Global Green USA as its top-ranked green building

standards. The use of the Standards provides HFA targeted customers with high-quality, energy efficient homes.

EFFECTIVE USE OF RESOURCES

A total of \$42.5 million was utilized to finance the three developments. 81.7% of the funds were from private sources and 18.3% were from public sources. The funds were leveraged as follows:

- 58.8% in private funds from the partnership with GE
- 10.6% in private funds from Investor Cash Equity
- 8.9% in public funds from State FLEX
- 7.1% in private funds from 4% Low-Income Housing Tax Credits (“LIHTC”)
- 5.2% in public funds from CIA
- 4.5% in private funds from HDF
- 4.2% in public funds from Bridgeport HOME
- 0.7% in private funds from Deferred Developer Fee

EFFECTIVE USE OF PARTNERSHIPS

At its core, the *Bridgeport Investment Program* is a financial partnership between CHFA and GE; however, its success is attributable to the many public and private partnerships that were leveraged. These partnerships include:

- CHFA partnered with GE to finance the *Bridgeport Investment Program*. GE had a commitment to invest in the local area and purchased \$25.0 million in taxable bonds from CHFA for investment in Bridgeport.
- CHFA and GE partnered on writing the RFP for the *Bridgeport Investment Program’s* funds.
- CHFA and GE also partnered with a local advisory committee in developing the evaluation criteria for review of RFP responses.
- CHFA partnered with Housing Development Fund, a non-profit loan fund in Fairfield County, through a participation agreement which allowed HDF to assume the role of the lead lender, performing all of the underwriting and ongoing servicing of the resultant mortgage loan for Bijou.
- Bridgeport partnered with the three housing developers by providing HOME funds and tax incentives to make the vision of revitalization and housing creation a reality.
- DECD partnered with the developer of Clinton Commons by providing FLEX funds.

CONCLUSION

CHFA viewed the *Bridgeport Investment Program* as a unique opportunity to partner with a major Connecticut employer and a forward-looking municipality to realize significant revitalization in a targeted area. This concept and initiative had never been previously attempted on this scale. The creation of three new housing developments resulting in 182 new apartment homes, nine new downtown commercial spaces, and positive economic impact to Bridgeport and the State clearly demonstrate the success of the *Bridgeport Investment Program*.

CHFA believes that the *Bridgeport Investment Program* could be easily replicated in another area of the State or country. All that is necessary is a locality with a vision, a private partner willing to invest in public policy, the expertise of the housing finance authority, and housing developers with an interest in participating in the revitalization of an area.