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Federal, State LIHTCs Keep Connecticut Apartments Affordable

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A rent-restricted property in one of the nation's wealthiest communities has recently undergone substantial capital improvements and will be able to preserve its long-term affordability, thanks to reservations of federal and state low-income housing tax credits (LIHTCs). The \$13 million renovation of Bayview Towers apartment building in Stamford, Conn. was celebrated at a grand opening ceremony in August.

The 200-unit property was originally built by a church in 1973 as New Hope Towers Cooperative Apartments and was funded through the U.S. Department of Housing and Urban Development (HUD) Section 236 rental subsidy program. Bayview Towers' project partners wanted to ensure that the property would remain affordable because of the high cost of living in Stamford—the city's median gross rent is nearly \$1,500 compared to the state median gross rent of only \$1,000. "Stamford is the highest cost

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Photo: Courtesy of Brian Zuleta

A ribbon cutting ceremony was held Aug. 12 to celebrate the renovation of Bayview Towers in Stamford, Conn. Attendees included (from left to right) Eric Chatman, president and executive director of Connecticut Housing Finance Authority; Richard Burns, CEO of The NHP Foundation; Congressman Jim Himes, D-Conn.; and Denise Fazio, vice president of PNC Bank.



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area in Connecticut,” said Suzanne Piacentini, HUD’s Connecticut field office director. “The demand for rental housing in general, and affordable housing in particular, is really high.”

Bayview Towers was redeveloped by The NHP Foundation, a New York-based nonprofit dedicated to providing affordable rental housing for low- and moderate-income families and seniors. Bayview Towers serves households with incomes that range from 25 percent to 95 percent of the area median income (AMI), but most of the units are set aside for those earning less than 50 percent AMI.

Evonne Klein, commissioner of the Connecticut Department of Housing and chairperson of Connecticut Housing Finance Authority’s (CHFA’s) board of directors, applauded the developers’ dedication to serving families and individuals with a range of income levels. She said,

“This allows young professionals to live in the city, allows seniors to remain in Stamford and allows those who make below 50 percent area median income to live where they work.”

Patrick Fry, The NHP Foundation’s senior vice president, added that Bayview Towers is great for working families because 80 percent of the units have two or more bedrooms. The property also has a full-time resident services coordinator, a large community center, a fitness center and a playground.

Renovating Bayview Towers

Before the extensive renovation work was completed on Bayview Towers, many of its original mechanical systems and structural elements were not up-to-code with current health and safety standards, said Fry. “While Bayview had served the community well, it was at risk and in need

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Photo: Courtesy of The NHP Foundation

Shown here before its \$13 million renovation, Bayview Towers was originally built by a church as New Hope Towers Cooperative Apartments in 1973.



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of improvements," he said. "The scope of the repairs and improvements needed at Bayview went well beyond what could have been achieved through project reserves and ongoing reserves for replacements."

Renovation work included new flooring, kitchen cabinets, counters, fixtures, tubs and showers, vanities, medicine cabinets and lighting. The property also has new plumbing and electric upgrades, elevator upgrades, new windows, façade improvements and new roofs. Crews worked to replace plumbing, add ductwork and soffits for ventilation and remove asbestos.

Financing

The Bayview Towers renovation was made possible by a variety of sources, including partial property tax abatement from the city of Stamford, \$1.2 million in existing property reserves, \$800,000 in interim income and a \$550,000 deferred developer fee. Project partners agreed that the federal and state LIHTCs were also critical to completing the development. CHFA provided a \$17.8 million construction loan, of which \$15.5 million is a permanent loan. CHFA also allocated \$7.7 million in federal 4 percent LIHTCs and \$500,000 through a contribution by Connecticut Light and Power to the state of Connecticut's Housing Tax Credit Contribution (HTCC) program.

Eric Chatman, CHFA's president and executive director, said that several factors helped Bayview Towers compete successfully for the HTCCs, such as its deep affordability, its proximity to public transportation lines and its location in an area with relatively few affordable housing

developments. "We estimated that there are 45,000 units [of affordable rental housing] needed in the state," said Chatman. "This particular [property] had to be preserved because it's 190 units of affordable housing, and from a broader standpoint, it's the type of [property] we like to do because the need is so great."

PNC Bank provided \$7 million in tax credit equity through its multi-investor fund. Gayle Manganello Ellis, senior vice president and manager of originations for PNC Real Estate's Tax Credit Capital group, likewise felt that preserving Bayview Towers as affordable housing was the best use of the property. "Much of downtown Stamford is already built out with good to excellent office, retail, multi-family and institutional land uses, which has led to limited growth over the last few years," said Ellis. "Because of the low vacancy rates within market rate and affordable rate housing and due to a very high AMI, the retention of Bayview Towers as affordable housing was key."

Piacentini said that HUD recognized the same need for preservation and so provided enhanced vouchers to qualified residents and continues to provide project-based Section 8 subsidy for 75 units. She added that high land costs in Stamford would have made it very difficult or nearly impossible to construct a new affordable housing property comparable to the size of Bayview Towers and located in the same area. "It's a family project in a terrific location with a robust service plan in downtown Stamford," said Piacentini. "It's where people want to live." ❖

BAYVIEW TOWERS FINANCING

- \$17.8 million loan from the Connecticut Housing Finance Authority (CHFA)
- \$10.9 million deferred sale price
- \$7 million in LIHTC equity from PNC Bank
- \$1.2 million in existing property reserves
- \$800,000 in interim income
- \$550,000 deferred developer fee from The NHP Foundation
- \$500,000 from Connecticut Light and Power through the State of Connecticut's Housing Tax Credit Contribution program
- 75 units with project-based Section 8 from the U.S. Department of Housing and Urban Development (HUD)
- Partial property tax abatement from the city of Stamford

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