



Municipality Technical Assistance for Housing Growth and Development Request for Proposals

Overview and Purpose

The Connecticut Project (TCP), through a partnership with Grow America, will provide technical assistance and financial structuring support to municipalities seeking to join or are in the process of joining the newly established Connecticut Municipal Redevelopment Authority (MRDA). This support extends to municipalities with development projects in the pipeline that would meet the statutory requirements to qualify for future MRDA financial investment. The initiative's primary goal is to help municipalities prepare comprehensive financial packages for submission to MRDA, once the municipality's housing growth zones and development district(s) have been formally qualified and established with MRDA.

Proposal Review and Selection Process

TCP will review and select proposals through a two-step process. First, all submissions will be evaluated by a proposal review committee to assess the readiness of each project. Every respondent will receive initial feedback, helping to establish a pipeline of future development projects and opportunities. Next, the proposal review committee will select five municipalities with projects deemed closer to being 'shovel ready' for technical assistance, including a thorough financial review and assessment to best position them for potential MRDA investment. As other projects in the pipeline progress, TCP, through Grow America, intends to provide technical assistance, including full financial reviews and assessments, on a rolling basis. Therefore, all municipalities are encouraged to submit proposals, regardless of their project's current stage.

Please note that selection for a financial review does not guarantee or imply that the project will be chosen by MRDA for funding. Once a municipality submits its application to MRDA, the project will undergo further evaluation through a competitive process beyond the scope of this initiative.

Background

The Connecticut Project (TCP) brings together communities, ideas, and resources to improve systems and generate real-world outcomes for people that are lower-income or asset-limited. We work for a just, thriving, and optimistic Connecticut where race, gender, income, geography, and other circumstances no longer predetermine opportunity. TCP mobilizes people, partners, and resources around priorities that creates economic opportunity for families, especially low-income families. We are a catalyst for timebound, results-oriented campaigns that advance positive outcomes for families and collaborate with impacted people, community groups, advocacy organizations, and others.

TCP is committed to engaging directly with Connecticut residents, mobilizing communities, and partnering on solutions to improve lives and reduce the cost of living in the state. We're launching action-driven campaigns that:

- Promote historic investments in early childhood development to shape brighter futures for our children;
- Expand access to affordable housing in communities statewide;

- Strengthen financial tools that enhance the wellbeing of Connecticut residents, including the social safety net, workforce development, and wealth-building opportunities; and
- Ensure the public sector is responsive to the voices, needs, and experiences of low-income and asset-limited individuals.

This initiative seeks to assist up to five mid-sized (with populations of 100,000 or less), under-resourced or non-exempt municipalities on the current Affordable Housing Appeals List (C.G.A. Section 8-30g) in joining MRDA. The goal is to develop a pipeline of projects that will lead to increased housing development.

The Municipal Redevelopment Authority (MRDA) was established by the Connecticut General Assembly in 2019 and subsequently amended and funded in 2023 for the 2024 and 2025 fiscal years. The Board held their inaugural meeting on July 11, 2024 and the authority commenced operations later that month. MRDA is designed to provide the technical support and financial resources to facilitate a substantial increase in the number of dwelling units in the downtowns and transit station areas of municipalities who recognize the role that housing production will contribute to their future success. On a voluntary basis, municipalities elect to join MRDA, work with MRDA to certify existing or newly enacted ‘housing growth zones,’ establish development districts in their downtown and/or station areas, and then be eligible for MRDA project funding. MRDA is statutorily enabled to invest in the design and construction of transit-oriented development, the creation of housing units through rehabilitation or new construction, the demolition or redevelopment of vacant buildings, and development and redevelopment.

Technical Assistance Provided

TCP’s technical assistance will be provided in partnership with Grow America. Grow America, previously known as the National Development Council (NDC), is a nonprofit organization focused on fostering community and economic development, particularly in underserved and low-income communities. Established in 1969, its mission is to direct capital and resources towards affordable housing, small business lending, and community development projects across the United States, including Puerto Rico and the U.S. Virgin Islands.

As part of the technical assistance, Grow America will provide written cost-benefit analysis memorandums outlining recommendations for the sizing and structuring of tax incentives. Such a review will consist of the following:

- Summarize the financial model, specifically operating budget, development budget, and capital structure;
- Review the reasonableness of the operating budget, the development budget, and the capital structure based upon the assumptions established and consistency with other comparable developments in the Connecticut market;
- Determine the appropriateness for financial incentives and establish a “right-sizing” of financial incentives necessary for establishing financial feasibility, without providing undue enrichment. The requested financial incentives generally comes in the form of tax incentives through the municipality;

- Review the financial metrics for the development team based upon the proposed financial package. Such metrics include yield on cost, cash on cash rate of return, and levered/unlevered internal rates of returns for the subject development comparable to the market;
- Prepare a written report that substantiates the need for and the sizing of the proposed Tax Fixing Agreement to be presented to the municipalities; and
- As necessary, present findings to the development team and representatives of the community at an in-person meeting or on a conference call as a means of negotiating an agreement on the proposed financial package.

Grow America will assist selected Communities with the strategy to raise private investment using other federal, state, and local public incentive programs for assigned projects. In addition, Grow America will provide technical assistance that looks to leverage existing resources through governmental programs including, but not limited to:

Federal Resources

- Community Development Block Grant (CDBG) program
- HOME Investment Partnership program
- HUD Section 108 loans
- U.S. Environmental Protection Agency (EPA) Brownfields Program, including Targeted Assessments, Supplemental Pilot Program, and Brownfields Revolving Loan Fund
- U.S. Small Business Administration 7(a), 504, and Microenterprise programs
- Community Development Financial Institution (CDFI) Fund's New Markets Tax Credit (NMTC) and CDFI capital and technical assistance programs
- Federal Home Loan Bank Affordable Housing Program (AHP)
- Federal Rehabilitation Tax Credits (Historic Tax Credits)
- 9% and 4% Low Income Housing Tax Credit (LIHTC)

State of Connecticut Resources

- Connecticut Historic Rehabilitation Tax Credits
- Department of Community & Economic Development (DECD) Subordinate Financing
- Department of Housing (DOH) Subordinate Financing
- Connecticut Housing Finance Authority Build CT Program
- Others, as appropriate

Grow America may also review selected communities' established economic, housing, and small business development programs, including but not limited to:

- Section 108 Loan Guarantee Program
- Community Development Block Grant (CDBG)
- HOME Investment Partnership Program
- Tax Incremental Financing (TIF)

Eligibility Criteria

A municipality must intend, and meet all eligibility requirements, to join MRDA:

- Municipalities must demonstrate intent to collaborate with MRDA in adopting a ‘Housing Growth Zone’ (HGZ). An HGZ is a designated area within a development district (or a larger region) where local zoning regulations are designed to facilitate substantial new housing development;
- Municipalities must be willing to sign a memorandum of agreement with MRDA to establish a redevelopment district in the downtown area or near fixed transit hubs; and
- The municipality must identify a suitable site(s) for housing development within its borders, located in a designated HGZ that aligns with MRDA’s focus on transit-oriented and mixed-use developments.

Further, in accordance with TCP objectives, municipalities must have a population of 100,000 or less **OR** non-exempt per the most current [Affordable Housings Appeals List](#) (C.G.A. Section 8-30g);

Selection Process

Municipalities intending to join MRDA and with eligible development projects are encouraged to submit proposals. Proposals will undergo the following two-step review process. This approach helps municipalities tailor and structure their development projects for future financial assistance on a rolling basis:

Step 1:

All proposals will undergo an initial review to assess their baseline readiness. Each proposal will either receive feedback highlighting strengths, weaknesses, and steps needed to advance toward a full financial review or be selected as one of the five municipalities to receive financial structuring support and technical assistance from Grow America.

If not selected among the initial five municipalities, towns will be encouraged to proceed with joining MRDA and to re-submit their proposals once they have addressed the feedback from the initial review. These proposals will be evaluated on a rolling basis as capacity and timing permit.

Step 2:

To be considered for a full financial review as one of the initial five proposals, the following criteria must be met:

- Site Control: A municipality or developer must own the project site;
- Developer Identified: A developer must be identified for the project, or the municipality has a plan in place to identify a developer;
- Clear Program/Project: The proposal must clearly outline the program or project that will be developed; and
- Financial Commitments: There should be some level of financial commitment to enable project advancement, such as soft commitment letters (grant, tax relief, loan, etc.) or developer equity.

Please see submission requirements.

Submission

Responses to this RFP must be submitted electronically by December 13, 2024 to Jonathan Cabral at joncabral@ctproject.org to be deemed responsive and eligible for consideration. Please indicate in the subject line: “RFP – Municipality Technical Assistance for Housing Growth and Development.”

Proposals must include the following to be considered for review:

1. Letter from the Mayor, First Selectmen, or Town Manager indicating the municipality’s intent to join MRDA, including a proposed timeline in achieving such status.

Note – Municipalities need not have “joined” MRDA nor have their “Housing Growth Zones” certified by MRDA at the time of submission. TCP understands that the approval process to officially join MRDA may take a few months and may require zoning amendments prior to the execution of an MOU defining the development district within which the municipality will partner with MRDA on project funding. Financial reviews and project development can be done concurrently to the municipality working through the MRDA process towards project funding eligibility.

2. Map identifying the following:
 - a. Proposed MRDA Housing Growth Zone(s);
 - b. ½ mile distances around transit stations and/or “Downtown” boundaries; and
 - c. Project(s) Location – prioritized.
3. Narrative and description of identified project(s).

To be considered for a full financial assessment and review, proposals should provide the following to the greatest extent possible:

4. Expanded Project descriptions-presentations detailing the project’s current status;
5. Statement of Sources and Uses;
6. 20 year operating Pro-Forma with proposed financing assumptions;
7. Project Sites current and future tax liability based on estimated future project value as determined by the municipality’s assessor;
8. Rent mix to include number of units by type and income levels;
9. Project team & resumes (if applicable); and
10. Any other supporting documents that support project readiness, such as documents supporting site control, LOIs, soft commitments, zoning approvals etc.

Financial Competitiveness

While this initiative aims to assist municipalities in preparing projects for submission to MRDA for financial assistance, it’s essential to understand that, in addition to meeting the threshold criteria for qualification, the projects will undergo further competitive review once packaged and submitted to MRDA. Therefore, TCP recommends that municipalities consider the following factors when submitting projects for financial assistance to MRDA, as well as when submitting proposals for TCP review:

- **Municipal Involvement:** What role does the municipality play in supporting the project? This could include site control, tax benefits or abatements, or additional financial assistance.
- **Developer's Equity and Financial Risk:** What contributions is the developer making to the project?
- **Alignment with MRDA Goals:** To what extent do the projects align with MRDA's definition of promoting transit-oriented or downtown housing?
- **Leverage of Other Funding Sources:** What additional funding sources or financial programs are being utilized, such as historic tax credits, Low-Income Housing Tax Credits (LIHTC), or Department of Housing (DOH) funding?
- **Long-Range Strategy:** MRDA has stated that Growth Zones and Development Districts cannot be limited to a single development site but should rather anticipate future years of potential housing growth. How does the zoning and proposed development district(s) boundary support a long-range strategy for growth?