



**BRIDGEWAY
CAPITAL**

**Bridgeway Capital/
Affordable Housing Loan Fund**

bridgewaycapital.org



Bridgeway Capital - Hazelwood Initiative


ABOUT THIS PROJECT

The Affordable Housing Loan Fund is a \$7.5 million fund with capital from the University of Pittsburgh Medical System (UPMC), Bridgeway Capital, and Kresge. The fund’s goal is to provide financing for affordable housing developers in key neighborhoods of Pittsburgh where economic development threatens to inflate housing prices, which would in turn displace low-income residents and residents of color. The fund’s design brings large health systems into the affordable housing investment space in a unique way, allowing them to directly address a major upstream health factor – access to stable and high-quality housing. This fund is a partnership with the Robert Wood Johnson Foundation, which will alternate investments with Kresge.

WHY WAS THIS NEEDED?

Challenge: An Affordable Housing Task Force reported in 2016 that Pittsburgh faced a gap of 17,241 affordable and available rental units for households earning less than 50% of the median income. Another 1,700 affordable housing deed restrictions were set to expire in 2021. Families without adequate housing are much more likely to experience poor health outcomes, which put a strain on the medical system and limit access to opportunity.

Solution: This fund aims to strategically preserve and create new affordable housing units by bringing large medical systems endowments into play. When medical systems invest in housing, their eventual costs decrease as the population’s overall health improves.

<p>IMPACTED LOCATION</p>  <p>Pittsburgh neighborhoods of Hazelwood, Northside and Squirrel Hill</p>	<p>YEAR APPROVED</p> <p>2020</p>	<p>KRESGE PROGRAM</p> <p>Health</p>	<p>GRANT SUPPORT</p> <p>N/A</p>
	<p>TYPE OF TRANSACTION</p> <p>Program-related investment loan</p>	<p>AMOUNT OF INVESTMENT</p> <p>\$1.5 million</p>	<p>TERM OF INVESTMENT</p> <p>2% interest, 15-year term</p>



ABOUT THE BORROWER

Bridgeway is a nonprofit Community Development Finance Institution (CDFI) that formed in 1990. Since its founding, Bridgeway has provided more than \$193 million in financing into the Pittsburgh region, leveraging another \$470 million in other investments. Its mission is to make western Pennsylvania a thriving region for all by promoting economic opportunity and community revitalization. It assists underserved populations by providing capital and education to ignite business and job growth, to develop communities, to support entrepreneurs and to expand vital services that strengthen the region. Since 2012, it has expanded from a focus on small business lending into general community development including affordable housing, community facilities and education.

IMPACT MEASURE

Preservation of 285 existing affordable housing units/creation of 43 new units

KEY PARTNERS:

Robert Wood Johnson Foundation, University of Pittsburgh Medical System, Center for Community Investment

Key Considerations



Erika Brice
Social Investment Officer
Social Investment Practice

- » Kresge’s investment is matched at least 1:1 by a participating hospital system. This aligns with Kresge’s Health Program strategy to improve health outcomes by unlocking capital from hospitals and other payers for the upstream, social determinants of health.
- » This fund will illustrate to regional partners the efficacy of favorable loan terms and the capital absorption framework and create a proof point to raise a second fund that could support 900 units.
- » Bridgeway believes that equitable economic development must respond to communities’ self-articulated needs. It relies on a strong networks of community partners to help determine a project’s value, including community leaders, residents and professional peers working in other local economic development organizations.
- » The investment and capital structure was designed to show how partners can come together to address several market challenges including :
 - ◇ How Naturally Occurring Affordable Housing (NOAH) can be preserved without the use of tax credits, particularly in neighborhoods with significant rental market pressures
 - ◇ How 4% LIHTC can be used to stem displacement in high growth markets like Pittsburgh
 - ◇ That 9% LIHTC can still be an effective tool, even in expensive markets
- » The primary consideration for the project’s portfolio is affordability. For projects to be eligible for financing, half or more of all units must be affordable for households between 30% and 120% of Pittsburgh Area Median Income.