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In Connecticut's capital city, big things are happening: Redefining downtown Hartford

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In Connecticut's capital city, big things are happening. Hartford is redefining its downtown and using housing as the primary economic driver. With a population of 125,000, Hartford is expanding downtown housing with 2,000 new units over the next two years. These units will add up to 4,000 residents to the central business district and move the city closer to accomplishing a myriad of economic development goals, including promoting a strong, active and economically diverse population in Hartford's downtown. Connecticut residents want a vibrant capital city they can be proud of - perhaps even live in. We are making that goal a reality.

Who is the consumer in this housing market? A prospective resident is between 21 and 34 years old, a recent college graduate or post-graduate, unmarried, with an annual salary of \$45,000-65,000, does not need more than 700 net s/f living space, and does not want to spend more than 30% of income on rent. How do we know? The market told us. The last American Community Survey, conducted by the U.S. Census Bureau, estimates there are 1,159 residents located in the city's 06103 zip code. This data revealed that 61 percent of residents are under 35 years old - 72% are under 45. Non-family households comprise 82% of residences and 60% live alone. The City's downtown residents are highly educated, with 78% possessing a bachelors degree or higher. Most are not from Connecticut, with 47% having been born in a different state and 15% being foreign born. Most strikingly, nearly one-quarter of downtown residents relocated into the downtown within one year of the previous ACS. Forty percent earn a median salary of \$67,500. The market is vibrant. The market is primed and the city is responding. Hartford is aggressively pursuing development investment within the capital city.

There may have been a time when government was not necessary to entice large scale development in urban centers, but current market conditions are a deterrent to major rehabilitation and conversion projects; especially in mid-size cities. Long-gone are the days when government funding provided to a development project is considered a "subsidy." Government, through effective public-private partnerships, is an investor. The City of Hartford is grateful to the state's residents for their investment in the capital city. Their investment, and consumer confidence, is critical in order to respond to demands for quality housing that is affordable for working class residents; for world-class entertainment; and for an enhanced quality of life.

Although seated in the midst of one of the nation's most wealthy regions, Hartford struggles to combat poverty, blight and environmental contamination. Often the market rents that are achievable do not justify the amount of debt service and operating costs to be incurred by the developer. Many times the threat of extensive contamination drives away potential investors. The city must utilize

creative and flexible financing to attract and retain these developers. Our goal is to convince prudent investors and developers to take on projects which are inherently risky or cost prohibitive.

The city is working with developers to help acquire brownfield grants, provide low-interest loans, offer tax fixing agreements and even serve as an equity partner in larger development deals when appropriate. Hartford is committed to be a catalyst to achieve the critical mass necessary to invite new retail downtown and create the vibrant urban center that consumers demand. The message is that Hartford is open for business. We have ample market demand to support new large scale residential development.

Although the city's housing market has demonstrated weakened performance since 2008, downtown residency is at capacity. Recent analysis has determined that Hartford's housing market remains weaker than expected because consumers are seeking something that the city does not currently have available. Consumers are interested in a variety of housing options, blending homeownership with affordable rental. Approximately two years ago, the Department of Housing and Urban Development (HUD) provided new insights and best practices regarding residential development. After analyzing empirical market data, HUD committed to place less emphasis on homeownership and instead stressed the need for affordable and market rate housing to serve all income groups across all "life phase" categories and at various rental price points.

It is as incumbent upon the city to assist low and moderate income residents by developing a responsible housing policy to ensure that the city promotes a sustainable young middle class population.

One policy does not preclude the other; one program does not prevent another from being successful. The city is investing in our assets so they may be attractive to new residents, and new investors. The focus is currently on eliminating blighted and vacant properties throughout the city in order to improve property values, increase tax revenues and drive more downtown foot traffic; all without displacing a single resident. Hartford is also one of the nation's oldest cities and it is critical that we preserve the historic nature of our built environment.

In addition to large scale developments, the city is aggressively pursuing neighborhood revitalization. The city offers several programs which provide down payment assistance, low-interest rehabilitation loans, and grants for developing new residential units. The city's residential programs assist low, moderate and middle income homebuyers. These programs are designed to eliminate blight, encourage infill development, and assist new homebuyers to make Hartford home.

While homeownership is important to creating and maintaining vibrant and healthy cities, and remains one of our top housing goals, it is important to have a balanced housing policy and a range of housing options, particularly in our downtown neighborhood. Shifting trends in the city's downtown demographic indicate a younger and wealthier population. We want that consumer to have options that coincide with their life stages. At some point our young urban professionals will be re-entering the housing market to look for a family home. Improving the market variety will give consumers a point of entry, with the expectation that we will be able to retain them as residents.

For more information on the many initiatives happening in Hartford, visit our website at www.Hartford.gov.

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