How Connecticut can enliven its Downtowns by redeveloping under-used buildings into a blend of housing and retail, entertainment or office space.

November 2013

Middletown | Torrington | Waterbury

Funding provided by the Connecticut Housing Finance Authority

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COME HOME TO DOWNTOWN

HOW CONNECTICUT CAN ENLIVEN ITS DOWNTOWNS BY REDEVELOPING UNDER-USED BUILDINGS INTO A BLEND OF HOUSING AND RETAIL, ENTERTAINMENT OR OFFICE SPACE.

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COME HOME TO DOWNTOWN

A MIXED-USE REAL ESTATE PLANNING PILOT PROGRAM

Introduction

OVERVIEW

Connecticut’s downtowns have paid a price for the single-use zoning and high-volume sprawl that served as Connecticut’s default development option for the last several decades. Instead of bustling neighborhoods extending from Main Street hubs, irreplaceable historic buildings were demolished in favor of big box development resulting in an exodus of jobs, neighbors relocated to vast suburban lots, small businesses shuttered, and critical tax revenue lost.

Juxtaposed with this grim landscape is today’s challenging fiscal climate. Municipalities need to grow, but to grow sustainably. This means finding ways to both increase the tax base and reduce costs while ensuring our quality of life and preserving the environment for generations to come. Fortunately, most of Connecticut has potential solutions readily available to it downtown. That’s because focusing growth in our downtowns and town centers where the infrastructure is already in place and where development can enhance a walkable, mixed-use setting with housing choices for workers and families is generally more sustainable than low density development, generates revenue and saves money. In fact, according to a report by the U.S. Environmental Protection Agency (EPA), the infrastructure costs to service compact, dense development — like the mixed-use development found in most downtowns — is 32% to 47% less than for lower density suburban development (Ford 2009).

The return on investment for a municipality that directs its growth in its downtown is impressive. The City of Raleigh, NC, commissioned a study to compare compact, mixed-use development with big box development. The results demonstrated that on a per acre basis, mixed-use development provided a significantly better return to the municipality (Smart Growth America 2013):

<table>
<thead>
<tr>
<th>Property taxes/acre</th>
<th>Big Box</th>
<th>Compact, Mixed-Use</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,837</td>
<td>$110,461</td>
</tr>
</tbody>
</table>
A study commissioned by the downtown business improvement district in Asheville, NC (Minicozzi 2012) had similar results:

<table>
<thead>
<tr>
<th>Return on Investment Comparison</th>
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</thead>
<tbody>
<tr>
<td>Downtown Development vs. Big Box</td>
</tr>
<tr>
<td>Asheville, North Carolina</td>
</tr>
<tr>
<td>Property taxes/acre</td>
</tr>
<tr>
<td>Retail sales tax/acre</td>
</tr>
<tr>
<td>Jobs/acre</td>
</tr>
<tr>
<td>Residents/acre</td>
</tr>
</tbody>
</table>

Better still, demand for these types of multi-use neighborhoods – fueled mostly by Baby Boomers and their children – is strong and growing. More and more, people want to live in robust, vibrant settings with a range of housing choices where they can walk to shops, services and jobs. Moreover, for many living in a downtown is often more financially feasible than in a suburb because it is more densely developed and offers a variety of residential options and price points.

Luckily, many of Connecticut’s town centers still have good “bones,” providing us with exceptional foundations for mixed-use development. While some may be struggling with high vacancies, most of Connecticut’s downtowns are well-designed – compact, walkable, and often centered around town greens and/or waterfronts that provide development opportunity. A revitalization effort that takes advantage of these features is called “place-based development” and it creates authentic places of human scale in the historic hearts of our communities.

It is typical to find three- and four-story buildings that are family owned downtown, where the family business may be thriving on the ground floor but the upper floors remain vacant. These underutilized spaces can be converted to apartment homes to satisfy the demand for downtown housing that’s close to jobs, services and entertainment. Moreover, the redeveloped space can also provide the property owners with additional income while injecting increased spending into the local economy as residents take advantage of nearby shops and services.

<table>
<thead>
<tr>
<th>More Downtown Housing = Increased Spending Downtown</th>
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</thead>
<tbody>
<tr>
<td>A study recently completed for Main Street Iowa by economist Donovan Rypkema calculated that every new unit of downtown housing spent $20,000-$39,000 in the downtown annually.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vacant First Floor Space = Negative Downtown Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversely, vacant first floor commercial space has a tremendous negative impact on the community. Mr. Rypkema calculated a vacant storefront with a modest $250,000 in lost annual sales costs the community over $222,000 annually in terms of lost rents, property and sales tax, and utilities, supplies, services and salaries not paid (Rypkema 2012). (Emphasis added.)</td>
</tr>
</tbody>
</table>
BACKGROUND

It was out of this context that the Come Home to Downtown pilot program was born in the spring of 2012. The culmination of a successful collaboration between Connecticut Main Street Center (CMSC) and the Connecticut Housing Finance Authority (CHFA), Come Home to Downtown directly addresses a need plaguing many of Connecticut’s underutilized Main Street districts.

As the statewide agency charged with alleviating the shortage of affordable housing for low- and moderate-income families and individuals throughout Connecticut, CHFA knows that our downtowns and Main Street districts hold a wealth of opportunity for new mixed-use development – in other words, providing a blend of housing, retail and office space in one centrally located building.

At CMSC, our mission is to be the champion and leading resource for vibrant and sustainable downtowns as the foundation for healthy communities. We advocate for a return to the Main Street way of life, one with walkable neighborhoods, where housing, shops and restaurants share the same spaces, providing people with a range of housing and transportation choices. Working closely with our statewide network of over sixty member communities, we’ve seen firsthand the significant impact even a modest investment in our downtowns can make. That’s because development in our downtowns, where the necessary infrastructure already exists, is cheaper, more environmentally friendly and sustainable. It also generates a greater positive economic investment, as additional monies from renters, visitors and downtown employees are poured back into the neighborhood economy. Our own Connecticut experience is evidence of this: during the height of the recession, when the rest of the state and nation were shedding jobs, our designated communities were creating jobs. In fact, from 2007 through 2012, CMSC’s designated Main Street program communities saw a 29.6% net increase in jobs, a 22.8% net increase in new businesses and a 77% increase in private investment.

CHFA, knowing of our expertise in downtown revitalization and management, sought us out in a collaborative effort to bring more housing options to our downtowns. Although CHFA has been extremely successful in helping to alleviate the shortage of affordable housing, they understand there is a need for additional tools and resources to support smaller deals (typically less than 20 units of housing) than those it currently finances.

Created with the intention of facilitating viable, interesting housing opportunities while revitalizing downtown neighborhoods, this initiative was seeded by CHFA with an investment from Community Investment Act Funds. CMSC used this money to hire additional staff to implement the program, as well as engage consultants with expertise in the program components. Three pilot communities were then chosen from a pool of carefully vetted applicants.
COME HOME TO DOWNTOWN GOALS AND OUTCOMES

As a result of over sixty years of single-use, car-oriented sprawl, mixed-use development has become a lost art form. Despite the many potential benefits that come from focusing growth in a downtown, several pervasive impediments remain as barriers to a more sustainable mix of housing and uses, including:

- An unsupportive regulatory environment;
- Limited financing options; and
- The misguided perception that density leads to blight, congestion and loss of value.

This less-than-ideal environment is further complicated by the fact that although many downtown property owners may be experienced business people, they often lack redevelopment experience and/or may be wary of becoming landlords.

Furthermore, the varied nature of the downtown itself can also be obstacle. This is because multiple property owners and building uses all need to be coordinated and integrated. Just like a shopping mall (albeit with one property owner instead of several), town centers also need a management program to convene all interested parties, forge a consensus and create a vision for the downtown.

Come Home to Downtown was designed to address these impediments by providing community leaders with strategic tools to reverse the course of sprawl and focus growth downtown, thereby ensuring the successful continuation of a sustainable, managed downtown with expanded housing choices. Moreover, we chose buildings of a design typical throughout Connecticut so that the redevelopment process can be easily replicated in other communities. Along the way, we also made sure to note the obstacles emblematic of downtown mixed-use development. Our recommendations for easing this process, whether through policy, additional or enhanced financing mechanisms, regulatory changes, or education and technical assistance are detailed later in this report.

In order to achieve the successful completion of Year One of the Come Home to Downtown program, CMSC set forth the following goals:

- Recommend specific solutions for accommodating mixed-use development such as changes to zoning, streamlined permitting and other financial incentives.
- Grow the relationship between communities and property owners by educating them about the benefits of redeveloping vacant and underutilized space.
- Perform a Model Building Analysis and provide technical assistance to guide property owners (many of whom have little or no redevelopment experience) in the redevelopment of their properties.
- Provide the community with an increased understanding of the downtown’s value and potential.
- Create or enhance the downtown management’s function.
- Analyze lessons learned, and use them to inspire other property owners and municipalities.
- Have the respective pilot communities embrace mixed-use development in their downtowns and the municipalities support these types of property owners while understanding the inherent risk in this kind of redevelopment.

Program Overview

SELECTION PROCESS

In an effort to select pilot communities with the highest likelihood of success, CMSC created an extensive inventory of towns throughout Connecticut, looking especially at those with strong organizational capacity and a good working relationship between the municipality and the downtown. Communities with a history of active community engagement were also highly regarded.

Those towns that rose to the top were invited to an introductory meeting in late September 2012 in Middletown. Mayor Daniel Drew welcomed forty attendees who represented nineteen communities of varying size from across the State. Audience members included First Selectmen, economic development officials, town planners and town managers. CMSC presented them with an overview of Come Home to Downtown, some background on the partnership between CMSC and CHFA, and comparable success stories.

Communities interested in participating were then asked to submit letters of interest to CMSC: twelve communities responded. CMSC then evaluated the communities based on the following criteria:

- Likelihood of success
- Ability to leverage other resources
- Availability of market opportunity & local real estate development capacity
- Diversity of scale and location
- An appropriate building and a willing property owner(s).

Using a matrix of the criteria to rate and rank each community, CMSC narrowed the list of candidates to five. CMSC and the consultant team then visited each of the communities, taking a walking tour of the downtown, meeting with local officials and the downtown management function and finally, seeing a few prospective model buildings and meeting with some of the owners.
PILOT COMMUNITIES

After this extensive selection process, three pilot communities were chosen: Middletown, Torrington and Waterbury. Each represents a dynamic community with many positive aspects such as walkability, a range of services and amenities nearby and a rich culture of recreation and entertainment. All of them form the epicenter of their respective region, with each of their regions varying in size. While each faces individual challenges and successes, collectively they represent a fair sampling of the many types of Main Street districts, housing stock and downtown infrastructure typically found throughout Connecticut.

PROPERTY OWNERS & MODEL BUILDINGS

Just as important as the downtowns themselves are the individual property owners and their buildings. CMSC wanted owners who were engaged in Come Home to Downtown and its success, and who demonstrated a commitment to the neighborhoods where they are located. Those chosen for the program exemplify a strong desire to be a part of the local fabric and include property owners who also operate thriving businesses within the downtown’s borders.

With regard to the buildings, CMSC felt it was critical to choose a variety of styles indicative of those commonly found throughout the State. This was of paramount importance because ideally we viewed this program as a learning process, and one from which we could take the lessons learned in order to more easily replicate and encourage mixed-use development in other Connecticut downtowns.

PROGRAM SERVICES

Come Home to Downtown is designed to provide selected communities with new tools and strategies to revitalize their downtowns through increased mixed-use development that includes a variety of housing choices for workers and families. The Come Home to Downtown pilot program is comprised of five individual components:

Downtown Development Audit – Addresses impediments and incentives to promoting redevelopment in a downtown.

Model Building Analysis – Focuses on redevelopment plans designed to bring housing back to the upper floors of the model building.

Project Financing & Assistance to Property Owners – Property owners received a financial pro forma identifying the shortfall between the rehabilitation costs and what traditional lenders will typically finance. This section includes potential funding sources to address those shortfalls, or “gaps”. Recommendations are also provided to the property owners, as needed, to assist with the building redevelopment and management.

Downtown Management Assistance – Strengthens the organizational capacity of the downtown management function to address the area’s constantly evolving housing and economic needs.
Urban Design Audit – Uses a Walkability, Accessibility, Livability Quotient (WALQ) audit to identify needs and make recommendations for how the downtown could function better with regard to walkability and connectivity.

PROJECT TEAM

In order to address each of the above concerns, CMSC assembled an expert team of consultants through a Request for Proposals (RFP) process.

- William W. Crosskey II, AIA, LEED AP, Principal, Crosskey Architects LLC – Performed the model building analysis and provided development assistance.
- Lou Trajcevski, Principal, Newcastle Housing Ventures, LLC – Drafted pro forma reviews of the development in conjunction with the model building analysis.
- David Sousa, ASLA, AICP, Landscape Architect/Urban Planner, CDM Smith – Performed the Urban Design Audit, designing a program to measure the downtown area’s walkability and connectivity.

CMSC oversaw the work of the consultants while developing and coordinating the program. In addition, we also provided community engagement and downtown management advice, as well as an overall communications strategy for the program.
Program Recommendations

RECOMMENDATIONS

Our work with the pilot communities led us to several conclusions we believe are relevant to most Connecticut downtowns. Chief among them is a lack of readily available financing for this type of mixed-use redevelopment. Unfortunately, there is also not much in the way of education or outreach to property owners, leaving them unprepared for the complex process of redeveloping their building or the potential benefit in doing so. Below are our aggregate findings after examining the three representative communities, their downtown management functions and the model buildings.

Project Financing & Assistance to Property Owners

One of the goals of Come Home to Downtown is to quantify and highlight the lack of traditional financial incentives available for mixed-use deals in order to then begin advocating for more resources for these important properties. Taken in aggregate, Connecticut’s small downtown vacant and underutilized properties represent an enormous potential for accommodating growth where infrastructure already exists, thereby reducing the pressure to develop in open spaces and farmlands while creating healthier neighborhoods where people drive less and walk more.

The Come Home to Downtown properties represent a diverse mix and scale of the type of buildings that can be found in downtowns throughout Connecticut. Our work with Middletown, Torrington and Waterbury over the last year led us to several conclusions we believe are emblematic of most of the State’s downtowns, namely that these types of projects are perhaps the hardest real estate deals to accomplish. This is because they are:

- Mixed-use.
- In older buildings in need of a gut rehabilitation (the most costly type).
- In a complex downtown setting.
- Owned by people with little to no mixed-use development experience, who may also be unprepared for the amount of debt needed to redevelop the buildings.
- In need of complex financing from multiple sources to close the gap between what traditional lenders will provide and the total construction costs.

Because these deals are so intricate and multi-faceted, financing for the total redevelopment cost does not exist from traditional sources. Also, there are very few municipal officials and experienced developers interested in small properties who know how to navigate the various funding streams, leaving the property owner – who most likely has no experience with any kind of real estate development – with scarce resources to bring a vacant building back to life.
There are other factors that hinder the ability to obtain financing. For instance, it is not unusual for market and affordable rental rates to be the same in downtowns, making market rate apartment financing just as difficult to pencil out. Yet a number of state and federal programs that incentivize housing development are only for affordable housing, leaving projects like those in the Come Home to Downtown program and their private owners in a quandary. For them there is a catch-22 – either they can apply for subsidies if they place income/affordability restrictions on the apartments, or the units are not restricted, but there are no subsidies for apartments offered at the same rental rates as HUD affordable rental rates. Another factor that limits private owner financing opportunities is they are often ineligible for state and federal grant resources that are available to municipalities and non-profit organizations. Yet private owners often have the same financial challenges to make these mixed-use rehabilitation projects work.

CMSC wants to work with the municipality, property owners and other partners to advocate for more resources to be aggregated for mixed-use development in our downtowns. In the vast majority of our downtowns, virtually all mixed-use projects are high risk, even if privately owned, and deserve support as much as projects primarily targeted for affordable housing. As indicated in the beginning of this report, successful mixed-use development projects provide a greater return on investment to the state, municipality and local neighborhood and can provide the kind of housing in demand at various market rate price points to help rebalance downtowns that currently have either no housing or mostly subsidized housing.

It is clear that more educational resources are also needed to help property owners, municipalities, investors, lenders and State agencies understand how they can work together to facilitate this kind of mixed-use development. CMSC will be working with stakeholders from the pilot communities and appropriate State agencies to determine how more education and information can be developed and disseminated to the appropriate audiences. Municipalities should also encourage local lending institutions (i.e. community banks and foundations) to support more people living in downtown with increased or new lending for mixed-use development.

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**Doomed to Fail?**

In his book, *The Option of Urbanism*, Chris Leinberger states there are 19 standard real estate product types with associated financing mechanisms. If even the most accomplished developer tries to stray from one of these, they will most likely fail because they will not find financing. (Leinberger 2008)

Mixed-use development with residential housing over first floor commercial space is nowhere on this list. Are our downtowns, ripe with historic infrastructure and available housing stock, doomed to fail simply because there’s no streamlined financing mechanism in place?
Mixed-use development requires three distinct sets of expertise, which most property owners have no prior experience with:

- Project Financing
- Design and Construction
- Ongoing Property Management.

CMSC will work with the property owners, municipality and downtown stakeholders to put together a team with real estate development, historic architectural and engineering and construction management expertise to demonstrate how the redevelopment of these properties can happen in a financially viable manner. This will require not only aggregating all existing potential financing resources but also advocating for new resources that can be applied to these kinds of projects.

**Regulatory**

Flexible zoning regulations and a streamlined approval process can go a long way toward encouraging downtown revitalization. Communities with regulations that are perceived as high-risk are not going be viewed favorably nor sought out by developers. Mixed-use development, including housing, should be allowed as of right; however, regulations should encourage development that fits with the historic character of downtown.

No matter how large or small a building or its location, parking is almost always an issue. City planners should consider waiving parking requirements for developers of mixed-use buildings, especially if there is other adequate parking located nearby. A municipality can further incentivize downtown redevelopment by offering free or reduced fees for parking in municipal lots or structures. This requires municipalities to consider a new paradigm – that people who want to live downtown are not necessarily looking for a parking space on site of their residence.

**Downtown Management Capacity**

Management is critical to the success of any downtown. The form of a community’s management function will vary from informal to more structured. Any community interested in promoting revitalization should consider enhancing its management function by becoming a resource center for downtown mixed-use development. Additional roles for a downtown management function to employ are:

- Convener of key stakeholders to build consensus and implement initiatives.
- Education and public relations.
- Data collector and information center.
- Coordinator of development incentives.

Over time, as the downtown management function grows in experience and capacity related to mixed-use development, it may become more involved in the real estate development process by:
- Assembling land to draw in developers.
- Finding local investors and/or institutions to provide gap financing.
- Taking on projects, possibly with a private developer partner, in the early stages to prove there is a market and to serve as case study of how it can be done.

CONCLUSION

Connecticut’s downtowns can once again become thriving centers where people come home to streets brimming with pleasant chatter as families stroll along the sidewalks, bikers zip from shop to shop, and neighbors catch up on the bus as they commute from work. The infrastructure is already in place, providing a ready, sustainable stock of buildings capable of supporting first floor commercial space with upper level housing. Not only has this type of mixed-use development been shown to both save and generate monies when situated in compact downtowns, it also promotes a healthier lifestyle.

However, our experience with the Come Home to Downtown pilot program has demonstrated that if Connecticut is to encourage and promote mix-used development, we must develop a manageable, if multi-layered, financing mechanism available to the owners of small downtown properties. Education and technical assistance programs specifically designed for the owners of these small properties will help ensure they are prepared for both the financial and landlord responsibilities they face. Although it will admittedly be difficult at the outset, it is imperative that these efforts begin now if we are to have fully integrated, vibrant downtowns that sustain us today and into the future.

Community Engagement

TOWN-WIDE CONSENSUS

Community Engagement is a critical element of any planning process. CMSC understood that a consensus building process, reaching out to downtown stakeholders, would be essential. CMSC worked with the pilot communities to engage residents and others to form a broad-based consensus and achieve buy-in around a vision for each downtown.

In Middletown, Torrington and Waterbury, residents have come to expect this type of community engagement since each city has invited the public to participate in planning the future of their downtown in conjunction with several prior planning efforts. Come Home to Downtown sought to build on this strong relationship between local officials and residents, reaching out to the community in multiple ways. In all three towns a Project Liaison and Advisory Team were convened. The liaisons served as designated community point people for the Come Home to Downtown project, as well as the press and community stakeholders.
The Advisory Team, on the other hand, consisted of a broad base of stakeholders, including town staff and elected officials, business and property owners, institutional leaders and other interested citizens. The Advisory Team’s job was to guide the project by providing local input and direction, and to serve as ambassadors for the project to the larger community.

Public Outreach

Extensive outreach was undertaken by CMSC and the Project Liaisons to educate the public on this program and elicit feedback. In addition to traditional media, CMSC also promoted the program through its newsletter, Downtown Update, which is issued to approximately 3,000 contacts monthly. CMSC also engaged Facebook and Twitter to celebrate program successes, update industry colleagues and others, as well as invite the public to the community meeting.

<table>
<thead>
<tr>
<th>Public Outreach</th>
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<tbody>
<tr>
<td>CMSC issued several press releases, utilized social media, devoted space on our homepage and created individual webpages for the program and pilot communities, and started a blog cataloguing our progress.</td>
</tr>
<tr>
<td>The Come Home to Downtown program was featured in the following media:</td>
</tr>
<tr>
<td>▪ Hartford Courant</td>
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<tr>
<td>▪ Middletown Press</td>
</tr>
<tr>
<td>▪ Middletown Eye</td>
</tr>
<tr>
<td>▪ Republican American</td>
</tr>
<tr>
<td>▪ Register Citizen</td>
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<tr>
<td>▪ Face CT, WTIC 1080</td>
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<tr>
<td>▪ NBC News Channel 30</td>
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Community Meetings

Beyond reaching out to the media CMSC also engaged the public by holding Community Meetings in each of the pilot communities. Each event was designed to share preliminary project results and gather feedback from residents and those interested in living downtown. The public was encouraged to participate, provide feedback and to inform the team of any questions or issues they had about downtown and the Come Home to Downtown team’s work. Representatives from various educational institutions, representatives from the Planning and Zoning Commissions and City Councilors, Boards of Finance, local Development Corporations and Chambers of Commerce were in attendance. There were also representatives from the arts and culture community, downtown residents and business owners.

The audiences at each meeting were very engaged, asking questions about the redevelopment of the model buildings. They were interested in the energy efficiency, affordability and accessibility of the model buildings. The attendees also commented on the different building plans that were presented for possible residential use of the upper floors. The audience wanted to know: Who
will live there?; What options will the apartments include?; and What will the rents be? Attendees talked about the benefits & disadvantages of downtown living. Concerns were raised about parking and safety.

In addition to specific comments about the apartment options, there were interesting suggestions made about other parts of the buildings, such as roof top gardens. Downtown residents and business owners described where they park and their positive feelings about their downtown choices. There were lively discussions on parking in the downtown and suggestions for how parking might be approached. It was generally agreed that having parking available at the municipal lot would be sufficient (as opposed to requiring spaces at the building site). There were also discussions about the potential rents. It was agreed that more research was needed on this topic.

**Recommendations**

Community engagement is a continuous and continually evolving process. Although Middletown, Torrington and Waterbury have reached out to their citizenry over the last few years, and although Come Home to Downtown provides another opportunity for the communities to engage the public, the Cities would do well to continue seeking resident input in order to engage the public around an overarching vision for the future of downtown. Doing so will help inform the community about the importance of mixed-use development and the role residential development plays in a robust downtown.

**Recommendations**

Middletown, Torrington and Waterbury do a good job reaching out to their residents, but could increase that engagement through new activities including the following:

- Increase use of social media.
- Couple outreach efforts with current and upcoming community events.
- Create a town-wide poll on downtown development with questionnaire boxes located at Main Street crosswalk light posts. Have a number where people can text their suggestions.
- Engage the local schools, especially universities and community colleges and even local high schools, in downtown recruitment efforts - both in terms of volunteers for the downtown and as future young professional residents.
- Reach out to targeted demographics like young professionals and active seniors through a mix of traditional and innovative marketing techniques.
Middletown

MIDDLETOWN FINDINGS

Overview

Downtown Middletown has many attractive attributes found in great cities all over the world. A walkable downtown in a picturesque setting near the Connecticut River, Middletown has most, if not all, of the building infrastructure already in place to increase its availability of housing with mixed-use development. Overall, Middletown has a huge amount of potential that the City is working hard to realize. Implementing the recommendations highlighted in this report will help the City, Downtown Business District and other stakeholders more fully integrate and utilize their many assets.

Middletown Model Building

Owner: The Amato Family

Location: 418-426 Main Street

Owned by the Amato family, this site actually consists of two adjacent buildings. It is located across the street from the owners’ well-known and long-established shop, Amato’s Toy and Hobby. The model buildings are three stories high, and are the only surviving examples of late 19th century commercial building on this block in the Middletown Central Business District.

Middletown residents will likely recognize the owners, Diane (Amato) and Joel Gervais, who are representing Phyllis Amato. Diane’s father, Vincent (husband of Phyllis Amato), began Amato's Toy & Hobby Store on Main Street, which grew to five locations in Connecticut. Today, his children continue to own and operate the retail stores in Middletown and New Britain. “Vinny” loved Main Street Middletown, and as a founding member of the Downtown Business District and an active member of the Middlesex Chamber of Commerce, he never tired of working with others to keep Main Street a center for commerce and community.

Findings

Come Home to Downtown identified issues and recommendations specific to each of the pilot communities. Middletown is already on the right path to revitalization of its downtown however there is still work to do. By implementing the recommendations below, Middletown will further
ensure its success addressing the interests of downtown stakeholders, the larger community and the region.

**Downtown Development Audit** – One of the most significant impediments to redeveloping properties for residential use downtown is the parking requirement. To mitigate this we recommend eliminating the parking requirement for new uses in the conversions of upper floors of existing buildings in the B-1 Central Business Zone Urban Core. We recommend that the City work with the developer to identify parking alternatives and solutions that address the tenant’s needs. We also recommend the City consider developing a façade program to help property owners improve their buildings and storefronts and make the downtown more attractive to residents and customers.

**Model Building Analysis** – This analysis makes specific recommendations for improving the model building itself, such as repairing windows and siding, etc. It also provides a recommended floor plan designed to attract new residents and bring market rate housing downtown. Two options were presented: one with a total of eight apartments of varying size, while the other had a total of six units – four large loft-style apartments and two smaller apartments at the rear of the building. The latter option was selected as the working model.

**Urban Design Audit** – Although Middletown scored well overall in terms of walkability, we did find some areas for improvements (See the Appendix for more detail). Recommendations include:

- Make the streets more welcoming to walkers and bicyclists by increasing connections to adjacent neighborhoods and the Connecticut River. Improve the safety of intersections through the use of traffic-calming techniques.
- Improve parking facilities and increase the use of wayfinding signs (signs that direct visitors to local attractions and amenities).
- Ensure new infill development fits with the downtown’s overall character and density.
- Create an inviting atmosphere by installing outdoor art.
- Improve personal security and the safety of the streets by providing adequate lighting, increased police presence, and other physical improvements.

**DOWNTOWN DEVELOPMENT AUDIT**

The purpose of the Downtown Development Audit is to identify the assets, challenges, opportunities, and impediments to redevelopment in Middletown in order to develop strategies to attract development that adds economic value consistent with the community’s values. The audit is intended to provide guidance to enhance a municipality’s ability to organize and to seek out growth potential, especially regarding mixed-use development.

During the audit process, we examined Middletown’s regulations for land use and its development tools and incentives. The following is a discussion of our findings.
Regulatory Environment & Land Use Controls

It's critical to revitalization efforts that plans and regulations support downtown development. Creating a mixed-income housing stock in the downtown area is an important objective of the 2010-2015 Consolidated Plan (Middletown 2010), as well as aligning with the City’s Plan of Conservation and Development which encourages walkability and a mix of uses (Middletown Planning and Zoning Commission 2010). Middletown has also streamlined its zoning process as noted below.

Zoning Regulations

Middletown's zoning regulations require planning and zoning approval for new buildings, additions, and changes of uses to existing buildings. The application process varies depending on the extent of the proposed project, and falls into four categories. “Category (1) includes alterations which do not change the size of the footprint or use of a building or structure or the site…Examples include re-roofing or re-siding a building or interior renovations. Proposals in this category shall be approved by the Building Inspector without an actual site plan being presented” (Middletown Planning and Zoning Commission 2009). Projects like this one, involving building out the upper floors of an existing building for a permitted use, will only require staff approval as part of the building permit application process. Since this decreases the amount of time and effort necessary to complete the approval process, it is an excellent strategy for promoting downtown revitalization.

The properties located at 418-420 and 424-426 Main Street are designated as ‘Class A Structures’ within the B-1 Central Business Zone. The proposed upper-story multi-family residential use is designated as ‘Urban Core Living Units’, a permitted use in the B-1 Zone under the Zoning Regulations (Middletown Planning & Zoning Commission 2009). Lot, yard and building height standards for the Central Business Zone are reflective of the existing conditions in the downtown area, and the existing properties are in conformance with the regulations. Middletown should be commended for removing many zoning impediments to mixed-use development.

The proposed redevelopment conforms to the zoning requirements with the exception of parking. One of the most significant impediments to redeveloping properties for residential use downtown is the parking requirement.

There are currently no exemptions from the provision of off-street parking and loading space requirements under the Zoning Regulations. At the scheduled rates listed in the regulations, the proposed residential use would require a total of ten parking spaces for six units, which cannot be provided given existing conditions. Up to five on-site spaces may be achievable with the demolition of the rear portions of the building at 418-420 Main Street. An alternate approach, as stated in the City’s Plan of Conservation and Development (Middletown Planning and Zoning Commission 2010), would be to develop a resident permit and long term parking lease program at municipal lots. The Melilli Plaza Lot is located directly behind the properties in close proximity...
to the rear building entrance. Current regulations do not allow overnight parking on Main Street, and parking management policies in place do not address residential uses.

Recommendations

We recommend that the zoning regulations be modified to eliminate the parking requirement for new uses in the conversions of upper floors of existing buildings in the B-1 Central Business Zone Urban Core, as many cities are now doing. The resolution of adequate parking then becomes a developer’s responsibility to make sure he provides enough onsite or there is adequate parking nearby to make the units marketable. We recommend that the City work with the developer to identify parking alternatives and solutions that address the tenant’s needs.

Building & Fire Code

As in most states, buildings built or renovated in Connecticut are regulated by the International Building Code or the International Existing Building Code, respectively, as modified by the State of Connecticut, and become the State of Connecticut Building Code. The governing fire code is the Connecticut Fire Safety Code. Local officials are tasked with enforcing the codes and cannot modify them. Modifications to the code or interpretations of the code can only be provided by the State of Connecticut Building Official’s Office and/or the State of Connecticut Fire Marshal’s Office.

Based on the schematic design for this building in Middletown, we have reviewed the building code requirements to determine compliance. The building needs to comply with the International Existing Building Code (International Code Council 2012) as a Level 3 Alteration (i.e. a project with a work area that exceeds 50% of the aggregate area of the building). As with many older structures, this building does not meet the requirements of today’s building and fire safety codes. Compliance with all codes should be strived for during renovation, but due to the construction and the configuration of the existing building it may not be possible to comply with some requirements. The code allows, through Article 12 Compliance Alternatives, some of these existing non-compliant items to remain non-compliant by providing additional safety features. If the mandatory safety scores can be met, it is not necessary to comply with all the code requirements.

We have evaluated the proposed renovated building’s safety using Article 12’s compliance chart, Middletown Summary Sheet, Figure 1 shown below, from the International Building Code. In order to meet the minimum safety scores, the building will need a new central alarm system that includes voice/alarm with fire command station, an automatic sprinkler system, smoke detectors, and emergency lighting.
**Chapter 12 - International Existing Building Code**

**Middletown Summary Sheet**

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<td>Smoke control:  Yes: No X: type: N/A</td>
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**Mandatory Safety Scores**

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**Evaluation Formulas**

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<tr>
<td>GS - MG6 &gt; 0</td>
<td>41.34 (GS) - 40 (MG6) =</td>
<td>1.34</td>
<td>X</td>
</tr>
</tbody>
</table>

FS = Fire Safety  MFS = Mandatory Fire Safety  ME = Means of Egress  MME = Mandatory Means of Egress  GS = General Safety  MG6 = Mandatory General Safety

Figure 1
ADA Compliance

The Connecticut building code does not require apartments on the upper floors of buildings to be accessible unless the building has an elevator, which is not being proposed for these buildings. There is no requirement for a multifamily building to have an elevator, but if it does, then all units must be Type A or B accessible (Type A units are completely accessible, Type B units are adaptable for handicap use).

Often in apartment buildings with four stories or more or with large floor areas, an elevator is deemed necessary in order to market the apartment units. However, these buildings are only three stories, therefore an elevator is not required.

Fair Housing Act

Handicap accessibility requirements are not applicable for buildings built prior to 1991.

Other Development Tools and Incentives

We have reviewed all of Middletown’s tools and incentives to determine which restrict or facilitate development. They include design guidelines, incentive housing zones and tax incentives. In general, these tools and incentives are useful and have a positive impact on the proposed project. They all support multi-family residential use in the B-1 Central Business Zone Urban Core, which include the renovation/conversion of the upper floors of downtown buildings into multi-family housing.

We do recommend the City consider developing a façade program to help property owners improve their buildings and storefronts and make the downtown more attractive to residents and customers.

MODEL BUILDING ANALYSIS

Overview

The model buildings in downtown Middletown, 418-426 Main Street have redevelopment potential and represent a good example of typical buildings found in Connecticut's downtowns.

The Model Building Analysis conceptually demonstrates how the model buildings can be redeveloped to accommodate housing on the upper floors and commercial uses on the ground floors. Our approach identifies the most practical and least expensive options to meet all code requirements. The report is intended to be useful to property owners in any town with a similar building type. Every effort has been made to keep the costs of renovation down.

418-420 Main Street is located on the east side of Main Street in downtown Middletown, south of the intersection with Washington Street. The 1866 commercial style brick building was historically known as the Sheldon Building. It underwent a major remodeling in 1895, including the brick
façade, brownstone lintels and sills, and the cornice shared with 424-426 Main Street. A small two-story red brick structure (with siding applied at the Melilli Place elevation) is located at the rear of the site. It is connected to the Main Street section with a wood-framed building, making the building footprint a very long, narrow rectangle. The building directly abuts 424-426 Main Street on the north side and another building on the south side, with both red brick side walls built as firewalls between the adjacent buildings. There is a vacant commercial tenant space on the first floor, previously occupied by Amato’s Toy Store (420 Main St.) and the upper floors (418 Main St.), previously used as office space by Amato’s, are also vacant.

424-426 Main Street is a Victorian Italianate brick building, completed in 1868, historically known as Fagan’s Block. The building directly abuts 418-420 to the south side and another building to the north, with both side walls built as firewalls between the adjacent buildings. There is a commercial tenant on the first floor (424 Main St.) and the residential upper floors (426 Main St.) are currently vacant.

The backs of both buildings are accessible from Melilli Place from a narrow alley. Both buildings are listed on the National Register of Historic Places as part of the Main Street Historic District. As a result, these buildings are eligible for historic tax credits (See the Project Financing section).

For a detailed Model Building Conditions Assessment see the Appendix.

Building Plans

Existing

The following plans showing the existing footprints of the buildings.
Schematic Design Plans

Based on existing building configuration, we initially developed two design schemes for the upper two floors of the buildings. The first scheme showed a total of eight apartments and maximized the building area for standard sized apartments. The second scheme, which has six units total, creates four large loft style units in the front portion of the two buildings and two conventional units at the rear. The loft style units allow open flexible space, which can be furnished in various ways by tenants. It also minimizes construction to central cores for kitchens and bathrooms, resulting in reduced construction costs. The six unit option was selected as the working solution for this project.

Access to the second and third floor remains through the existing front staircases entered from the street level between the storefronts. Both stairs provide remote access to either ends of the common hallway. Reconstruction of the rear exterior stair provides a convenience access to the public parking lot across the street.
PROJECT FINANCING

Redeveloping older mixed-use buildings in a downtown is one of the hardest real estate deals to finance and accomplish. This is even truer for the buildings in this report which represent a pioneering effort for both the property owner and Middletown if successfully redeveloped.

As referred to previously, the cost of rehabilitating the buildings will exceed what a traditional lender will be willing to provide in a mortgage – which is typically referred to as the “gap” that needs to be closed with additional equity and/or debt as well as potential reductions in construction or operating costs. Since it all starts with putting the financing in place, it is important to invest the time on the front end to develop a realistic budget.

In this case, the property owner was provided with a detailed analysis of where the sources of funds could come from to finance the total project costs, along with a detailed analysis of the total development costs.

The Middletown - Potential Sources of Funds & Projected Development Costs chart (Figure 4 below) indicates that the property is eligible for the State Historic Tax Credits which means that 25% of eligible rehabilitation costs can be taken as a tax credit. This could provide $207,000 of equity for this project. Connecticut Light & Power (CL&P) has indicated that when the credits are issued, they will buy them at 100 cents on the dollar from the owners. CL&P is also willing to meet with the owners to see if they can take advantage of any of the company’s energy efficiency programs.
### Middletown - Potential Sources of Funds & Projected Development Costs

#### Sources of Funds

**Equity**
- State Historic Tax Credits: $207,700

**Financing (Debt)**
- First Mortgage Loan: $400,000
- Seller Financing: $292,500
- Additional Funds Needed: $396,600

#### Total Sources
- $1,296,800

#### Development Costs

- Construction Hard Costs: $830,900
- Site Acquisition: $325,000
- Architectural/Engineering: $54,000
- Finance & Interim Costs: $29,900
- Fees & Expenses: $57,000

#### Total Costs
- $1,296,800

This financial summary indicates that an additional $396,600 of debt, equity and/or reduced expenses is needed to have a financially viable project. The size of the first mortgage loan ($400,000) was estimated based on the projected net operating income that these buildings will produce once occupied for a stabilized full year less assumptions for vacancies. The detailed analysis includes rent structure assumptions, operating costs and long-term cash flow projections. The goal within the long-term cash flow projections is to produce long-term positive cash flow and sufficient debt service coverage (the ratio of net operating income over annual mortgage payment) to satisfy potential lender requirements.
Torrington

TORRINGTON FINDINGS

Overview

Downtown Torrington has many attributes that people find appealing, including attractive residential neighborhoods and a diversity of housing stock. It also has an active and engaged municipal government that recently launched a new promotional campaign and benefits from local entertainment activities, including a well-known performing arts center. However, there is much that Torrington can do to improve its downtown functionality and encourage development that includes mixed use buildings.

Owner: Torrington Downtown Partners

Location: 11-21 Main Street

This building is owned by the Torrington Downtown Partners, who have already made significant investment in downtown redevelopment and are looking for assistance moving forward. Steven Roth, President of Elevator Service Co., Inc.; Stephen Timken, T&M Builders; and David Bender, Bender Plumbing, are the individuals behind the Torrington Downtown Partners group.

The Romanesque Revival building at 11-21 Main Street was built around 1896-1897 and is approximately 14,646 square feet and three stories high. Standing at the entrance to Torrington’s downtown shopping district, it faces the Naugatuck River and bridge to the south. The owners are interested in doubling the number of units, as well as building smaller units to meet the needs of today’s market.

The Torrington community is also vested in the project. In a unique participating venture, Torrington Downtown Partners have offered townspeople the opportunity to invest in the Partners through $100 memberships. This membership entitles them to provide input on future choices about the development of properties the Partners own, such as certain aesthetic renovations. (Torrington Downtown Partners currently own nine downtown buildings, of which 11-21 Main Street is one.) The $100 membership also entitles members to discounts at some of the properties’ retail tenants. To date, there are nearly 200 memberships.
Findings

Come Home to Downtown identified issues and recommendations specific to each of the pilot communities. Torrington is already on the right path to revitalization of its downtown however there is still much work to do. The recommendations below summarize how Torrington can further ensure its success addressing the interests of downtown stakeholders, the larger community and the region. These findings are discussed in more detail later in the report.

**Downtown Development Audit** – Torrington’s zoning regulations support upper story redevelopment of existing buildings for residential use. The approval process for upper story redevelopment is administrative which decreases the amount of time and effort necessary to complete the approval process and is an excellent strategy for promoting downtown revitalization. There are, however, certain requirements of the regulations that create impediments to downtown development. The regulations for new development require a special exception approval and require development that would not match the historic fabric and existing conditions found on most of Main Street. Recommendations have been made to require that new development better reflects the downtown, as opposed to a single-family residential zone.

Although no parking is required with upper story redevelopment of existing buildings for residential use, the parking requirement for new multi-family development is another impediment to downtown redevelopment. We recommend the City reconsider the parking requirement for new development. We also recommend that the City work with developers to identify parking alternatives and solutions that address the tenant’s needs in existing buildings.

**Model Building Analysis** – This analysis makes specific recommendations for improving the conditions of the structure, including removal of the rear wood porches. A recommended floor plan designed to meet the needs of today’s residents and to bring market rate housing downtown was also developed. Under this design, the number of units is doubled to 16 one-bedroom apartments ranging in size.

**Urban Design Audit** - Although Torrington scored well in some aspects of this analysis, much work is needed in other areas (See the Appendix for more detail). Recommendations to improve walkability and functionality downtown include:

- Improve pedestrian and bicycle linkages within downtown and to adjoining neighborhoods. Increase safety at intersections using traffic calming techniques.
- Increase the amount of on street parking while minimizing the appearance of surface parking lots.
- Install outdoor art to encourage street activity and make downtown more attractive.
- Encourage and incentivize downtown housing, businesses and other redevelopment that complements the existing character of downtown.
- Improve and coordinate way-finding signage.
DOWNTOWN DEVELOPMENT AUDIT

The purpose of the Downtown Development Audit is to identify the assets, challenges, opportunities, and impediments to redevelopment in Torrington in order to pursue strategies to attract development that adds economic value consistent with the community’s values. The audit is intended to provide guidance to enhance a municipality’s ability to organize and to seek out growth potential, especially regarding mixed-use development.

During the audit process, we examined Torrington’s regulations for land use and its development tools and incentives. The following is a discussion of our findings.

Regulatory & Land Use Controls

Zoning Regulations

Main Street and other primary streets in the downtown area are located in the Downtown District Zone. Residential Use is a permitted use on second and third floors in this district (Zoning, Section 3.1, Use 1.31) (Torrington Planning & Zoning Commission 2011). Projects like the one proposed under Come Home to Downtown, involving building out the upper floors of an existing building for residential use, will only require staff approval as part of the building permit application process. Even if this were a change of use in the Downtown District, the City Planner approves applications “where no outside alterations are proposed for permitted uses” (Zoning, Section 8.4.1.D). Since this decreases the amount of time and effort necessary to complete the approval process, it is an excellent strategy for promoting downtown revitalization. Parking, an impediment in many communities, is also not required with redevelopment for residential use in upper floors of existing buildings in the Downtown District.

Zoning requirements for the construction of new multi-family units in the Downtown District are a concern, however. The regulations require new development that would not match the historic fabric and existing conditions found on most of Main Street. A new residential building housing one or more dwelling units would require Special Exception approval and would need to meet the same area and building setback requirements for residential buildings in the R-6 Zone (Section 4.11.2). The density, minimum gross area, lot width, building height, buffers, landscaping (Section 6.8) and parking requirements are not appropriate for new development inside the Downtown District Zone. These sections should be re-written to better reflect the differences in building new multi-family units in a downtown as opposed to a single-family residential zone (R-6). The current regulations for the Downtown District Zone provide for residential redevelopment of existing buildings on 2nd and 3rd floors but do not encourage new multi-family development in that zone.

The Torrington Planning and Zoning Commission (PZC) also recently approved four Incentive Housing Zone Overlay Districts (IHZ) within the Downtown District that have been approved by CT Office of Policy and Management (as required). These sites allow developers to create mixed-use affordable housing at a higher density than the underlying district and offer incentives to both
the Developer and City. IHZ’s are another useful tool for promoting mixed-use development downtown.

**Recommendations**

The following recommendations will make the zoning regulations better for the City and more predictable and less risky for developers:

- Change the zoning requirements for new multi-family units to better reflect the existing conditions of the Downtown District, including density, minimum gross area, lot width, building height, buffers, landscaping requirements and parking.
- Since the zoning regulations do not require parking for residential use in upper floors of existing buildings in the Downtown District, it becomes a developer’s responsibility to make sure there is enough parking – whether onsite or nearby – to make the units marketable. We recommend that the City work with the developer to identify parking alternatives and solutions that address the tenant’s needs.

**Building & Fire Code**

As in most states, buildings built or renovated in Connecticut are regulated by the International Building Code or the International Existing Building Code, respectively, as modified by the State of Connecticut, and become the State of Connecticut Building Code. The governing fire code is the Connecticut Fire Safety Code. Local officials are tasked with enforcing the codes and cannot modify them. Modifications to the code or interpretations of the code can only be provided by the State of Connecticut Building Official’s Office and/or the State of Connecticut Fire Marshal’s Office.

Based on the schematic design for this building in Torrington, we have reviewed the building code requirements to determine compliance. The building needs to comply with the International Existing Building Code (International Code Council 2012) as a Level 3 Alteration (i.e. a project with a work area that exceeds 50% of the aggregate area of the building). As with many older structures, this building does not meet the requirements of today’s building and fire safety codes. Compliance with all codes should be strived for during renovation, but due to the construction and the configuration of the existing building we may not be able to comply with some requirements. The code allows, through Article 12 Compliance Alternatives, some existing non-compliant items to remain non-compliant by providing additional safety features. If the mandatory safety scores can be met, it is not necessary to comply with all the code requirements.

We have evaluated the proposed renovated building’s safety using Article 12’s compliance chart, Torrington Summary Sheet, Figure 5 shown below, from the International Building Code. In order to meet the minimum safety scores, the building will need a new central alarm system that includes voice/alarm with fire command station, an automatic sprinkler system, smoke detectors, and emergency lighting.
Torrington Summary Sheet

Chapter 12 - International Existing Building Code

Table 1201.1
SUMMARY SHEET - BUILDING SCORE

| Proposed occupancy | Existing occupancy | Type of construction | Area per floor | Percent of frontage increase | Percent of height reduction | Completely suppressed | No. Stories | Height | Corridor wall rating | No. | Required door closers | Yes | No. | X | Pre-resistance rating of vertical opening opening enclosure | Yes | No. | X | Type of HVAC system Central Boiler serving number of floors | 3 | 3

Automatic fire detection: Yes | No. | Elevator controls: Yes | No. | X | Mixed occupancies: Yes | No. | X | Emergency lights: Provided with battery backup

Safety parameters

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Building score - total value: 28.38 | 47.34 | 47.34 | M = No applicable value to be inserted

MANDATORY SAFETY SCORES

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EVALUATION FORMULAS

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<td>MSE - ME</td>
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</table>

FS = Fire Safety | MSE = Mandatory Fire Safety | ME = Means of Egress | MSE = Mandatory Means of Egress | GS = General Safety | MSE = Mandatory General Safety

Figure 5
**ADA Compliance**

The Connecticut Building Code does not require apartments on the upper floors of buildings to be accessible unless the building has an elevator, which is not being proposed for these buildings. There is no requirement for a multifamily building to have an elevator, but if it does, then all units must be Type A or B accessible (Type A units are completely accessible, Type B units are adaptable for handicap use).

Often in apartment buildings with four stories or more, or with large floor areas, an elevator is deemed necessary in order to market the apartment units. However, this building is only three stories, therefore an elevator is not required.

**Fair Housing Act**

Handicap accessibility requirements are not applicable for buildings built prior to 1991.

**Other Development Tools & Incentives**

We have reviewed all of Torrington’s tools and incentives to determine which restrict or facilitate development. They include design guidelines, incentive housing zones and tax incentives. In general, these tools and incentives are useful and have a positive impact on the proposed project. They support multi-family residential use in the Downtown District, which include the renovation/conversion of the upper floors of downtown buildings into multi-family housing.

**MODEL BUILDING ANALYSIS**

**Overview**

The model building in downtown Torrington, 11-21 Main Street has redevelopment potential and represents a good example of a building typically found in Connecticut’s downtowns.

The Model Building Analysis conceptually demonstrates how the model building can be redeveloped to accommodate housing on the upper floors and commercial uses on the ground floors. Our approach identifies the most practical and least expensive options to meet all code requirements. The report is intended to be useful to property owners in any town with a similar building type. Every effort has been made to keep the costs of renovation down.

11-21 Main Street is located on the west side of Main Street, just south of Water Street. It is one of five large commercial blocks constructed for businessman George Lilley. It was completed in 1897 and is listed on the National Register of Historic Places as part of the Downtown Torrington Historic District. The three-story Renaissance/Romanesque Revival yellow brick building is mixed-use, with commercial tenant spaces on the first floor, and residential apartments on the second and third floors. Inside, the building has two unusual straight run front-to-back center stairs, with access to floors from the landings between runs.
The three commercial tenant spaces on the first floor are currently occupied by a Subway restaurant, a tobacco shop, and a hair salon. The four second-floor apartments are currently vacant. On the third floor, two apartments are occupied and two are vacant.

Since this building is listed on the National Register of Historic Places as part of the Downtown Torrington’s Historic District, it is eligible for historic tax credits (See the Project Financing section).

For a detailed Model Building Conditions Assessment see the Appendix.

**Building Plans**

**Existing**

The following plans show the existing footprints of the buildings.
Schematic Design Plans

Based on existing building configuration and the owner’s desire to have sixteen apartments, we have redesigned the upper two floors of the building into eight apartments per floor. Units are all one-bedroom apartments ranging in size.

Access to the second and third floor remains through the existing front staircases entered from the street level between the storefronts. Both stairs provide remote access to either ends of the common hallway. Removal of the rear wood porch allows more light for the windows on the west side of the building, increases building security by eliminating the potential for break-ins through second and third floor windows, and reduces building maintenance costs. By adding a new single flight stair from the rear of the building, we have provided a convenience access to a parking lot which may be used by tenants. This stair provides access to the central hallway and front stairs as well as common laundry rooms on both floors.
PROJECT FINANCING

Redeveloping older mixed-use buildings in a downtown is one of the hardest real estate deals to finance and accomplish. This is even truer for the building in this report which would represent a pioneering effort for both the property owners and Torrington if successfully redeveloped.

As referred to previously, the cost of rehabilitating the building will exceed what a traditional lender will be willing to provide in a mortgage. This is typically referred to as the “gap” that needs to be closed with additional equity and/or debt as well as potential reductions in construction or operating costs. Since financing is obviously a critical component, it is important to invest time at the outset to develop a realistic budget.

In this case, the property owner was provided with a detailed analysis of where the sources of funds could come from to finance the total project costs, along with the total development costs.

The Torrington - Potential Sources of Funds & Projected Development Costs chart (Figure 9 below) indicates that the property is eligible for the State Historic Tax Credits which means that 25% of eligible rehabilitation costs can be taken as a tax credit. This could provide $332,400 of equity for this project. Connecticut Light & Power (CL&P) has indicated that when the credits are issued, they will buy them at 100 cents on the dollar from the owners. CL&P is also willing to meet with the owners to see if they can take advantage of any of the company’s energy efficiency programs.

Torrington - Potential Sources of Funds & Projected Development Costs

<table>
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<tr>
<th>Sources of Funds</th>
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<td>Finance &amp; Interim Costs $58,800</td>
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<tr>
<td>Fees &amp; Expenses $66,500</td>
</tr>
<tr>
<td>Total Costs $1,537,100</td>
</tr>
</tbody>
</table>

Figure 9
This financial summary indicates that an additional $104,700 of debt, equity and/or reduced expenses is needed to have a financially viable project. The size of the first mortgage loan ($1,100,000) was estimated based on the projected net operating income that this building will produce once occupied for a stabilized full year less assumptions for vacancies. The detailed analysis includes rent structure assumptions, operating costs and long-term cash flow projections. The goal within the long-term cash flow projections is to produce long-term positive cash flow and sufficient debt service coverage (the ratio of net operating income over annual mortgage payment) to satisfy potential lender requirements.

Waterbury

WATERBURY FINDINGS

Overview

Waterbury boasts an active downtown poised for growth as new institutions prepare to join other anchor establishments such as the UCONN Waterbury campus and area hospitals. Several large events take place in and around the Waterbury Green and the City recently developed a promotional video that beckons visitors to the downtown. Although Waterbury has flexible regulations that allow for buildings with a mix of housing and other uses, there are still many things they can do to promote mixed-use development in their downtown.

Owner: John Lombard

Location: 20 East Main Street

This building is situated at a key location in the center of downtown Waterbury and is well positioned to take advantage of other efforts underway, including local universities, hospitals and entertainment. The building’s owner, John Lombard, currently maintains an office on the second floor and many of the ground floor spaces are full. The building stands three-stories high and occupies a total of 64,494 square feet. The original art deco structure, built in 1930, burned in the 1940s. When Mr. Lombard bought the building it had been rebuilt maintaining the art deco style. It has always been a commercial building and had many businesses in it with primarily retail on the ground floor and offices on the upper two floors for dentists, doctors, barbers and more. In recent years it housed Congresswoman Nancy Johnson’s Waterbury office and Rideworks, among others.
Findings

Come Home to Downtown identified issues and recommendations specific to each of the pilot communities. Waterbury is already on the right path to revitalization of its downtown, however there is still much work to do. The recommendations below summarize how Waterbury can further ensure its success addressing the interests of downtown stakeholders, the larger community and the region. These findings are discussed in more detail later in the report.

Downtown Development Audit – Waterbury’s regulations are very flexible for the Central Business District Zone, allowing the upper floors of mixed-use buildings to be developed as residential use. Therefore, there are no recommendations for improvement. Indeed, Waterbury should be commended for removing this impediment to mixed-use development.

Model Building Analysis – This analysis makes specific recommendations for improving the conditions of the structure, including replacing the roof and potentially moving the equipment currently located in the center of the first floor roof to create a rooftop garden. The owner may also consider participating in the City’s façade program to replace the storefronts with a more appropriate design for the historic character of the building and having an architectural materials conservator assess the lobby’s decorative finishes and the corridor’s terrazzo floors. A recommended floor plan designed to meet the needs of today’s residents and to bring new housing downtown was also developed. The plan calls for 38 units, mostly one-bedroom apartments with six two-bedroom apartment homes.

Urban Design Audit – Although Waterbury scored very well in some aspects of this analysis, much work is needed in other areas (See the Appendix for more detail). Recommendations to improve the walkability and functionality downtown include:

- Work with the CT Dept. of Transportation (ConnDOT) and others to ensure that redevelopment of I-84 and Route 8 includes improving connections to surrounding neighborhoods and the Naugatuck River.
- Improve conditions for walking and biking downtown and to surrounding neighborhoods, including use of traffic calming techniques to improve safety at intersections. Construct the recommended Naugatuck River Greenway Trail.
- Increase the amount of on street parking while screening surface parking lots to minimize their appearance.
- Encourage street activity and make downtown more attractive by installing outdoor art.
- Improve personal security and the safety of the streets by providing adequate lighting, increased police presence, and other physical improvements.
**DOWN TOWN DEVELOPMENT AUDIT**

The purpose of the Downtown Development Audit is to identify the assets, challenges, opportunities, and impediments to redevelopment in Waterbury in order to pursue strategies to attract development that adds economic value consistent with the community’s values. The audit is intended to provide guidance to enhance a municipality’s ability to organize and to seek out growth potential, especially regarding mixed-use development.

During the audit process, we examined Waterbury’s regulations for land use and its development tools and incentives. The following is a discussion of our findings.

**Regulatory Environment & Land Use Controls**

**Zoning Regulations**

Main Street and other primary streets in the downtown area are located in the Central Business District Zone. Mixed Use Buildings, which house two or more uses including multifamily residential, retail, office and other uses, are permitted by zoning permit (Waterbury Planning Department 2013). This means that projects only require approval of the Zoning Enforcement Officer, which is essentially an administrative approval process, significantly streamlining development review for these types of projects.

The zoning regulations do require City approval for changes of uses to existing buildings, such as conversion of the upper floors of an office building to residential use as is case for this project. However, this approval would also be through the Zoning Enforcement Officer as is highlighted below.

**4.07.06 Change of Use**

(i) A use permitted by Zoning Permit, Special Permit, or Special Exception approval may be changed to another use with the approval of the Approval Authority, whichever Authority has jurisdiction for the use in accordance with this Article 4.

Below is a zoning compliance chart for the property, which shows that there are no non-conformities for the proposed project. As shown in Figure 10, typical zoning requirements such as setbacks and minimum lot areas are not applicable in the Central Business District. Waterbury’s zoning regulations recognize the varied existing conditions of the Central Business District and allow new development and redevelopment that fit in with the character of the historic downtown.
Recommendations

Waterbury’s regulations are very flexible for the Central Business District Zone allowing the upper floors of mixed-use buildings to be developed as residential use and acknowledging the many different conditions found in the historic urban core of the City. We have no recommendations for improvement to the existing regulations. Indeed, Waterbury should be commended for removing this impediment to mixed-use development.

Building & Fire Code

As in most states, buildings built or renovated in Connecticut are regulated by the International Building Code or the International Existing Building Code, respectively, as modified by the State of Connecticut, and become the State of Connecticut Building Code. The governing fire code is the Connecticut Fire Safety Code. Local officials are tasked with enforcing the codes and cannot modify them. Modifications to the code or interpretations of the code can only be provided by the State of Connecticut Building Official’s Office and/or the State of Connecticut Fire Marshal’s Office.

Based on the schematic design for this building in Waterbury, we have reviewed the building code requirements to determine compliance. The building needs to comply with the International Existing Building Code (International Code Council 2012) as a Level 3 Alteration (i.e. a project with a work area that exceeds 50% of the aggregate area of the building). As with many older structures, this building does not meet the requirements of today’s building and fire safety codes.
Compliance with all codes should be strived for during renovation, but due to the construction and the configuration of the existing building it may not be possible to comply with some requirements. The code allows, through Article 12 Compliance Alternatives, some of these existing non-compliant items to remain non-compliant by providing additional safety features. If we can meet the mandatory safety scores can be met, it is not necessary to comply with all the code requirements.

We have evaluated the proposed renovated building’s safety using Article 12’s compliance chart, Waterbury Summary Sheet, Figure 11 shown below, from the International Building Code. In order to meet the minimum safety scores, the building will need a central alarm system that includes voice/alarm with fire command station, an automatic sprinkler system, smoke detectors, and emergency lighting.
## Chapter 12 - International Existing Building Code

### Table 12.0.7

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**** = No applicable value to be inserted.

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Figure 11
ADA Compliance

The Connecticut Building Code does not require apartments on the upper floors of buildings to be accessible unless the building has an elevator, which this building does. There is no requirement for a multifamily building to have an elevator, but if it does, then all units must be Type A or B accessible (Type A units are completely accessible, Type B units are adaptable for handicap use). Since this building has an elevator, ADA accessibility will be required. All units have been designed as Type A or Type B.

Fair Housing Act

Handicap accessibility requirements are not applicable for buildings built prior to 1991.

Other Development Tools and Incentives

We have reviewed all of Waterbury’s tools and incentives to determine which restrict or facilitate development. They include design guidelines, incentive housing zones and tax incentives. In general, these tools and incentives are useful and have a positive impact on proposed project. They all support mixed use in the Central Business District, which include the renovation/conversion of the upper floors of downtown buildings into multi-family housing.

MODEL BUILDING ANALYSIS

Overview

The model building in downtown Waterbury, 20 East Main Street has redevelopment potential and represents a good example of a building typically found in Connecticut’s downtowns. The Model Building Analysis conceptually demonstrates how the model building can be redeveloped to accommodate housing on the upper floors and commercial uses on the ground floors. Our approach identifies the most practical and least expensive options to meet all code requirements.
20 East Main Street, historically known as the Brown Building and currently known as the Lombard Center, is located at the southeast corner of East Main Street and South Main Street in the heart of downtown Waterbury. It was designed by Boston architects J. Frederick Krokyn and Ambrose A. Brown and completed in 1930. It is listed on the National Register of Historic Places as part of the Downtown Waterbury Historic District. The three-story limestone building is a handsome example of the Art Deco style, including both the exterior and the building lobbies and stairways. The building is U-shaped in plan at the second and third floors, while the first floor in-fills the center of the "U." The first floor is occupied by commercial tenants. The second floor has one commercial tenant, and the building owner has an office on the third floor. The remainder of the building is vacant.

Since this building is listed on the National Register of Historic Places as part of the Downtown Waterbury’s Historic District, it is eligible for historic tax credits (See the Project Financing section).

For a detailed Model Building Conditions Assessment see the Appendix.

**Building Plans**

**Existing**

The following plans showing the existing footprints of the upper floors of the buildings.
Schematic Design Plans

Based on existing building configuration, we have redesigned the upper two floors of the building into 19 apartments per floor, totaling 38 units. The units are all one- and two-bedroom apartments ranging in size.

Access to the second and third floor remains through the existing front staircase entered from the street level between the storefronts and through the main lobby. One existing and one proposed stair provide remote access at either ends of the common hallway. The southeast stair would exit either through the rear of the building, through an adjacent property or existing building owned by the same owner, providing easy access to the public parking garage across the street.
PROJECT FINANCING

Redeveloping older mixed-use buildings in a downtown, as stated earlier in this report, is one of the hardest real estate deals to finance and accomplish. This is even truer for the building in this report which would represent a pioneering effort for both the property owner and Waterbury if successfully redeveloped.

As referred to previously, the cost of rehabilitating the building will exceed what can be borrowed from a traditional lender. This is typically referred to as the “gap” that needs to be closed with additional equity and/or debt as well as potential reductions in construction or operating costs. Since financing is obviously a critical component, it is important to invest the time at the outset to develop a realistic budget.

In this case, the property owner was provided with a detailed analysis of where the sources of funds could come from to finance the total project costs, along with the total development costs.

The Waterbury - Potential Sources of Funds & Projected Development Costs chart (Figure 16 below) indicates that the property is eligible for Federal and State Historic Tax Credits which means that 20% and 25% of eligible rehabilitation costs can be taken as a tax credit. This could provide $1,275,700 of equity from the federal credits and $1,633,900 in equity from the state credits for this project. Connecticut Light & Power (CL&P) has indicated that when the credits are issued, they will buy them at 100 cents on the dollar from the owners. CL&P is also willing to meet with the owners to see if they can take advantage of any of the company’s energy efficiency programs.
Waterbury - Potential Sources of Funds & Projected Development Costs

Sources of Funds

Equity
Federal Historic Tax Credits $1,275,700
State Historic Tax Credits $1,633,900

Financing (Debt)
First Mortgage Loan $1,725,000
DECD CHAMP Second Mortgage $3,996,200

Total Sources $8,630,800

Development Costs

Construction Hard Costs $6,535,600
Site Acquisition $1,000,000
Architectural/Engineering $162,500
Developer Allowance $693,700
Finance & Interim Costs $79,000
Fees & Expenses $160,000

Total Costs $8,630,800

This financial summary indicates that an additional $3,996,200 of debt, equity and/or reduced expenses is needed to have a financially viable project. The size of the first mortgage loan ($1,725,000) was estimated based on the projected net operating income that this building will produce once occupied for a stabilized full year less assumptions for vacancies. The detailed analysis includes rent structure assumptions, operating costs and long-term cash flow projections. The goal within the long-term cash flow projections is to produce long-term positive cash flow and sufficient debt service coverage (the ratio of net operating income over annual mortgage payment) to satisfy potential lender requirements.
Assistance to Property Owners

ARCHITECTURAL PROCESS

Property owners should understand that there are five steps involved in the building rehabilitation process, as outlined below. This study completes the first phase, Schematic Design, for 418-420 and 424-426 Main Street. The next step for these buildings is to assemble the project consultant team and continue with phases two through five.

1. **Schematic Design**

   During this phase, the architect will evaluate the owner’s program, schedule, and budget. The building’s existing conditions will be documented with floor plans and exterior elevations. These drawings will form the basis for the new schematic site plans, building plans, and elevations. The architect will develop a preliminary code analysis of building and a statement of probable construction cost.

2. **Design Development**

   The next design phase, Design Development, is a more in-depth study of the schematic design with respect to materials, construction, and detailing. The schematic design is refined and brought into focus in preparation for the Contract Document phase. During Design Development, the site plan, building plans, apartment unit plans, and exterior elevations are finalized, along with structural, mechanical & electrical concepts. The code evaluation and statement of probable cost are updated. We recommend contacting two contractors to verify the costs at the conclusion of Design Development. Local builders may be willing to provide this service pro bono.

3. **Contract Documents**

   Once Design Development is complete, documentation of the project’s design will be completed in the form of drawings and specifications: the Contract Documents. These documents, produced by the architect and engineers, are used to obtain competitive bids from contractors and necessary permits. The architect will assist the owner and contractor with submission of documents for approval to the Building Department, Fire Marshal, and Utility Companies.

4. **Bidding**

   During the bidding phase, general contractors are invited to submit pricing for the project. The architect will prepare the invitation to bid, issue addenda and clarifications as required, and review bids with the owner. If necessary, the architect will meet with the bidder to discuss value-engineering items and prepare addenda modifying the scope of
5. **Construction**

During construction, the architect will make visits to the site and meet with the contractor to review progress of the work on the owner’s behalf. The architect’s construction services generally include periodic site visits and job meetings, job meetings minutes, processing of shop drawings, submittals, change orders, application for payment, and preparation of the final punch list (list of tasks/items necessary for the completion of the project).

**DESIGN & CONSTRUCTION**

Every effort has been made to keep the development cost estimate down while providing the most practical alternative with a level of quality that will be attractive to renters and long-lasting. The development team (suggested above) should be fully involved in this process, including the five steps of the Architectural Process (outlined above).

The detailed construction costs have been provided to the owners and every attempt has been made to provide realistic estimates including contingencies and set asides for replacement reserves. We recommend that the owners utilize the detailed designs and financial pro formas provided to ask two general contractors to provide their own detailed cost estimates to further confirm these numbers. Contractors, especially local ones, will often provide these estimates free of charge.

**ONGOING PROPERTY MANAGEMENT**

For property owners seeking assistance with marketing and managing the property, there are networks of property owners in Connecticut that can be of help. Some offer workshops on how to be a good landlord, screen tenants and manage property. The property owners might consider bartering reduced rent for property management for one of the smaller units. CMSC can provide contact information for these property owner networks and resources.

The property owners need to be part of a committed team of public and private partners all working together to bring these properties back to life. Although developing and financing a mixed use building is currently riskier than a single use building, it’s a risk with great rewards for the entire community and therefore worth the community’s investment of time and resources.

**FINANCING ALTERNATIVES**

The financing for these projects needs to be planned for the construction period and for the long-term, starting when construction is complete and the units are fully rented. The cash flow projections and financing requirements for the construction period will need to take into account any funding sources that are not paid up front. This is the case with both federal and state
historic tax credits: while the credit is confirmed prior to the start of construction, the actual vouchers and resulting cash are not provided until the construction is complete, deemed in compliance with the Secretary of the Interior’s Standards for Rehabilitation and a certificate of occupancy has been issued for the properties.

CMSC will help the property owners prepare to meet with lenders to discuss the terms for potential mortgages. CMSC will also work with the property owners and the towns to assess all potential resources to make this project viable. The property owners, Cities and other downtown stakeholders should work collectively to implement this project. Potential resources may include:

- Federal historic tax credits – typically a project that is less than $2 million in costs (such as this one) is too small-scale to utilize the federal historic tax credits. However, there are examples of local investors throughout the country who have benefited from these tax credits because they have a sufficient amount of taxable passive income, and who may be willing to consider a smaller project because of the benefits provided to downtown. CMSC can introduce property owners and interested community leaders to people who can provide more information on how this might work. The federal credits can go a long way toward closing a project’s financing gap.

- Subordinated loan provided by the municipality - Lynchburg, Virginia provided loans to support a mixed-use development project (although the project is not current with its loan payment). The City receives $1.5 million in real estate, occupancy and sales tax revenues that it would otherwise not be collected if the building remained vacant (Dono 2013). This is often called “patient” capital – funding sources that are looking for a reasonable rate of return on their investment over a longer time horizon – examples not only include union pension funds but also community foundations and even groups of local investors.

- Tax Increment Financing (TIF) - are a potential resource that deserves exploration. TIF are currently not utilized for these kinds of projects in this state. The Downtown Action Team can work with CMSC and others in the Main Street network to determine how this may become a useful tool for mixed-use development projects. TIF would allow the municipality to provide a loan or grant for the project - to be paid by the incremental amount of taxes collected as the property is redeveloped. A project would not use both TIF and tax abatements (discussed below) because if a tax abatement is given, the incremental taxes would not be paid to pay back the TIF. Most developers would prefer the TIF as the money would be upfront in a lump sum.

- State and federal financing programs - a word of caution regarding most of these programs, whether it is for historic tax credits or for projects that include affordable housing, they come with specific requirements that can often increase the cost and complexity of the project.
Note: A number of the above ideas came from the National Main Street Center’s journal, MAINSTREETNOW, January/February 2013 and are posted on CMSC’s website at www.ctmainst.org

A number of state and federal programs that incentivize housing development are only for affordable housing and only municipalities or non-profit entities are eligible, leaving projects like this one with private ownership out in the cold. CMSC wants to work with the municipality, property owners and other partners to advocate for more resources to be aggregated for mixed-use development in our downtowns. In the vast majority of our downtowns, virtually all mixed-use develop projects are high risk, even if privately owned, and deserve support as much as projects primarily targeted for affordable housing. Also, it is not unusual for market and affordable rental rates to be the same in downtowns, making market rate apartment financing just as difficult to pencil out. As indicated in the beginning of this report, successful mixed-use development projects provide a greater return on investment to the state, municipality and local neighborhoods and can provide the kind of housing in demand at various market rate price points to help rebalance downtowns that currently have either no housing or mostly subsidized housing.

Other ideas to consider that can help these project become more viable by helping to reduce costs and/or market the project include:

- Commercial and Industrial Property Assessed Clean Energy (C-PACE) – is a program administered by the Connecticut Clean Energy Finance and Investment Authority allowing building owners to finance energy efficiency and clean energy projects by placing a voluntary assessment on their property tax bill. This program can provide 100% upfront financing for qualified energy upgrades. The financing is structured to be cash-flow positive, which means the monthly energy costs are reduced by more than the cost of financing the improvements. See also http://www.c-pace.com/

- A tax abatement program for downtown properties - Middletown, Torrington and Waterbury all have downtown tax abatement programs. These programs allow tax abatements for five to eleven years. Each town should consider expanding their programs, especially for difficult vacant properties, to up to 25 years as the Town of Vernon does.

- Rental rebates for downtown employees. Major employers in downtown Detroit have done this and have reversed that city’s dramatic population loss leading to a 96% occupancy rate. This same concept can be instituted in Middletown, Torrington and Waterbury.
Municipalities in many states including Maryland, Massachusetts and New Jersey are providing incentives to city workers to live in the downtowns of the towns where they are employed. These incentives for living downtown can be one-time help with down payments to purchase a home or annual incentives to reduce rental costs. In a number of states, this program is called Live Where You Work.

Downtown Management

BUILDING DOWNTOWN MANAGEMENT CAPACITY

Downtown management is critical to the success of any downtown. Connecticut Main Street Center works with communities to improve their downtown management function with a goal of creating vibrant and sustainable downtowns and Main Streets. The Middletown Downtown Business District and City of Torrington are members of the Connecticut Main Street Center. Main Street Waterbury is a designated member of the Connecticut Main Street Center and is accredited by the National Main Street Center which recognizes them for being a high-performing Main Street program.

CMSC has an ongoing relationship with each of the Come Home to Downtown communities and will continue to work with them to improve their downtown management function. Each of these downtowns still have challenges with vacancies and underutilized properties, although they have all made progress in recent years to varying degrees. It is critical that each City and its downtown stakeholders identify leaders who can bring downtown to the next level of successful revitalization. The City, downtown stakeholders and representatives from the Come Home to Downtown Advisory Team should work together to develop a strong, formalized “Downtown Action Team” to take the next steps and provide downtown management that will ensure implementation of many of the activities outlined above.

Recommendations

Middletown, Torrington and Waterbury have yet to fully integrate housing into Main Street and throughout downtown. Each community would do well to take the necessary steps aimed specifically at upper story redevelopment. More people living downtown will increase activity on the streets leading to additional patronage of local businesses. Additionally, the City and other downtown stakeholders must continue to work together to creatively promote a wide variety of residential living options for a mix of families and individuals.
In Dan Carmody’s Organizational Development Strategy report developed for Middletown, he recommends a series of steps designed to first address existing conditions and then to bring attention to opportunities for residential living downtown. Many of these strategies are appropriate for any community interested in promoting downtown living, including Torrington and Waterbury.

Organizational Development Strategy Report – Recommendations  
Prepared by Dan Carmody

CMSC supports the following recommendations from Dan Carmody’s report prepared for the Downtown Business District in 2012. Implementing them will help each community build on its revitalization efforts and more fully integrate a range of housing options in the downtown area.

- **Inventory the downtown housing supply** including unit sizes, rents, conditions, and vacancy rates.
- **Convene a Downtown Housing Summit** that includes a:
  - Downtown Housing Workshop, an educational program designed to provide small property owners with information about the downtown market potential and financing options.
  - Upper Floor Housing Design Competition in conjunction with the American Institute of Architects.
- **Create an Upper Floor Task Force** to continue to promote downtown living.
- **Establish a Community Based Development Entity** to partner with for-profit or non-profit partners to access grants and loans that expand options for financing downtown housing projects.
- **Develop an Upper Floor Incentive Program** to move small property owners into action. (Carmody 2012)

**DOWNTOWN ACTION TEAM**

CMSC also identified other ways the Downtown Action Team, Cities and others can help set the stage to attract more mixed-use development downtown.

Once established as an effective downtown management program, the Downtown Action Team should become a resource center for mixed-use development. The Downtown Action Team can then assume the roles of:

- Convener of key stakeholders to build consensus and implement priorities.
- Education and public relations.
- Data collector and information center.
- Coordinator of development incentives.
Convener of Key Stakeholders

Downtown stakeholders, agencies and commissions must work together to encourage and incentivize mixed-use development. Many building owners do not have redevelopment experience and are in need assistance. For most lay people the permitting process to get the necessary approvals for a mixed-use project can be hard to understand, intimidating and costly.

The Downtown Action Team should act as a conduit between property and business owners and City officials, facilitating the growth of buildings with a mix of uses by relaying what is required for permitting approval. By doing so, property owners, residents and business leaders have a direct point of contact for their questions and concerns, and the City is able to focus on reviewing more complete and accurate permit requests.

The downtown development audit section of this report also provides a number of recommendations on how to make the redevelopment process more supportive of mixed-use development. The Downtown Action Team can also play a lead role in convening all the entities needed to implement these recommendations as well.

<table>
<thead>
<tr>
<th>NCDC Strategy for Success</th>
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<tr>
<td>The Norwich Community Development Corporation (NCDC) is a great example of a downtown management function that acts as a conduit between property owners and the City, solving problems by translating regulations into lay language for residents while ensuring the City is provided with appropriate documentation. Jason Vincent, NCDC Vice President, reported these real-life instances of the NCDC creating win-win situations for both residents and the City.</td>
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<tr>
<td>▪ <strong>Helping “unstick” permits that have not been issued.</strong> Sometimes all that’s needed is a call or email from NCDC staff to jumpstart the permit process or to help property owners implement guidance from city officials.</td>
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<tr>
<td>▪ <strong>Aligning property owners with professionals to help them navigate the process efficiently.</strong> Over time, NCDC staff developed a pool of experts and can direct property owners to the right professionals to quickly resolve issues.</td>
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<tr>
<td>▪ <strong>Attend meetings with city staff and property owners to ask questions and provide post-meeting direction.</strong> At times, NCDC is able to provide insight that inspires a local official to solve a problem less expensively.</td>
</tr>
<tr>
<td>▪ <strong>Anxiety reduction.</strong> Many people unfamiliar with the process are intimidated with presenting at a public meeting. Having a thorough understanding of the process enables NCDC staff to talk to the property owners about potential risks in the process. Just being coached on how to make the appropriate and succinct presentation can build confidence.</td>
</tr>
<tr>
<td>▪ <strong>“You worry about the cheesesteaks and let us worry about the variance,“</strong> NCDC staff told a local business man who needed a variance in order to expand his business. Both were able to do their respective jobs and now the business owner is making more of what the NCDC staff swear are the “state’s best cheesesteaks” in a larger facility (Vincent 2013).</td>
</tr>
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Education and Public Relations

Property owners and developers are not going to risk investment in downtown unless they see an entire community working together to make this kind of development possible. Just like the old adage “it takes a village to raise a child”, it takes a town to re-purpose an older vacant building that is just beginning to turn the cycle of dis-investment into a cycle of re-investment. Investors want to see community planning, market potential and public leadership. The Downtown Action Team can help galvanize local leaders to meet with potential investors and property owners to build the trust and lines of communication that must come first.

Property owners, especially those whose upper floors have been vacant for a long time, may need help understanding there is a market for people wanting to live downtown. This may also be true for municipal leaders and potential lenders. To bolster confidence and educate the owners and city officials about the market’s true demand, the Downtown Action Team should hold workshops that present examples of successful mixed-use projects in similar communities. A range of speakers providing expertise from attorneys, lenders, developers and state and local officials can answer questions and dispel doubts about whether these types of initiatives can be successful and generate revenue. Tours of buildings with the potential to be successfully remodeled, or that have already been redesigned, provide concrete examples of what is possible.

Furthermore, the Downtown Action Team should begin to package downtown as a place where people interested in living downtown want to go. According to Chris Lee, president and CEO of the real estate consulting firm CEL & Associates, Inc., people who are considering living downtown are looking for more urban, walkable communities with multiple adjacent assets (e.g. hospitals, entertainment centers, retail and grocery stores, proximity to employment centers, dining facilities, transit centers, educational institutions and recreation areas) (Lee 2012). Middletown, Torrington and Waterbury already have several of these attributes, and certainly far more than any other downtowns. Even more encouraging, each of these towns has what is probably the number one attraction for downtown living – walkability. Implementing the recommendations listed in the Urban Design Audit (See the Appendix) will further enhance the downtown’s walkability and desirability as an urban living environment, an initiative the Downtown Action Team can spearhead.

Creating a list of potential developers interested in smaller downtown properties is another priority the Downtown Action Team should pursue. As a property owner looks to either sell or redevelop their property, the Downtown Action Team can then reach out and market the opportunity among the developer list. In the case of a property owner looking to redevelop their property but not sell, the Team can assist the property owner in drafting a Request for Proposals to send out to potential developers.
Workshops that Work  
Harrisonburg Downtown Renaissance – Harrisonburg, VA

In just ten years, Harrisonburg Downtown Renaissance (HDR) went from zero to five hundred units of market rate housing (2003-2013) in their downtown. One of the keys to their success was creating a sense of optimism and inspiring local property owners through a series of workshops that described how mixed-use development was achieved in other communities. The HDR then brought in experts to explain how to complete these projects — attorneys, architects, bankers and city and state officials talked about what resources are available, how to use historic tax credits, apply for financing and address construction issues. They also hosted a downtown loft tour which got people excited about the unique spaces with high ceilings, exposed brick walls and other amenities of urban living already in place (Dono 2013).

Middletown, Torrington and Waterbury, through newly created Downtown Action Teams, can host similar events, inviting the media and devoting online resources to promoting these activities. In the meantime, the City and downtown stakeholders should begin marketing the downtown as a place people want to move to, emphasizing its many attributes — namely walkability and proximity to entertainment centers, shopping and dining, and services such as the nearby hospital and university.

Data Collector and Information Center

While the demand for downtown living has grown significantly, it still needs to be quantified. Who wants to live in downtown? What are they looking for? And what are they willing to pay? This can be done by a highly qualified market analysis consultant and/or it can be done through local networks. Especially at the beginning of the redevelopment process, when the focus is on a relatively small number of housing units and there may not be the need for a full blown market analysis. Rather, what is most essential is an understanding of who are the most likely to be the first to move downtown.

The Downtown Action Team can help define the market and its potential in a number of ways:

- Work with local colleges, universities and major employers to develop a well-crafted survey for downtown employees and young professional associations.
- Utilize these same groups to mine available data. For example, Nielsen Prizm data from Claritas.com can segment groups of people by demographics and behavioral traits and characteristics. The group labeled “Bohemian Mix” are early adopters likely to be the first pioneers moving into a downtown. From information like this a sense of potential market demand and price points can be built (Dono 2013).
- Engage local property owners and commercial realtors to build a database of current rents in downtown and adjacent neighborhoods and towns.
- Build a database of case studies from comparable downtowns to provide guidance and inspiration on what can happen in downtown Middletown.
- Inventory the upper floor space and determine the maximum potential for residential units in downtown if completely built out. This would provide a sense of what the ultimate goal could be for residents in the downtown core.
Coordinator of Development Incentives

In city and town centers throughout the country case study after case study demonstrates that financing this kind of mixed-use development is complicated and generally requires many layers of debt and equity. The Downtown Action Team can provide potential projects with information regarding resources that are currently or potentially available. Some of these incentives may require the municipality to adopt new ordinances and/or regulations - so a certain amount of advocacy may also be required.

There is a complex array of incentives that can be applied to making these projects feasible. These options will likely increase as more mixed-use development is built. The Downtown Action Team can serve not only as the repository of this information, but also to help property owners learn what options are best for their projects and how to utilize these resources.

Urban Design Audit

PURPOSE AND NEED

The “Come Home to Downtown” pilot program aims to restore vitality and economic health of downtowns through the redevelopment and adaptive reuse of vacant and underutilized buildings with a mix of uses that include residences on upper floors. While it is important to understand how buildings can be designed, constructed or renovated to allow for multiple and diverse uses, it is equally important that the street, blocks and district within which the redeveloped property is situated possesses the characteristics and qualities that will support the new development and provide confidence to building owners, shopkeepers, investors and developers that their reinvestment in downtown will be successful.

The urban design audit was conducted in recognition of the need to understand and improve downtown streets, block, and districts to provide a supportive environment for reinvestment and to encourage people to once again shop, work, live and play downtown.

A key question prior to conducting an urban audit is “What are the characteristics and qualities that will support the new development, attract people and provide investor confidence?” We believe that the simple answer to that question is “Walkability”. Downtowns that are walkable are the places people prefer to shop in, to visit, to invest in and to live, work and play in. Conversely, places that are not walkable have empty streets at most hours of the day and experience disinvestment.

Walkability, therefore, is a crucial virtue of downtowns, but, as simple and intuitive as walkability may seem to the casual observer, paradoxically, it is not a simple concept to define and is quite elusive to attain. Complementary uses in the same building and throughout a downtown serve to create places of value and enhance economic activity because they help to make downtown more walkable; however, there are many other factors that contribute to walkability.
We broadly define walkability as a series of interrelated qualities and characteristics that make cities more livable. These include attractive and safe streets and sidewalks and compact development that not only promote pedestrianism, but also entice people to walk, stroll and wander.

A central business district (CBD) is truly walkable when its buildings, street trees, and other amenities offer beauty, provide comfort, and create enclosure; where pedestrians of all ages and abilities feel safe from traffic. The sidewalks are alive with people, colorful flowers and banners, artistic signs, impromptu art exhibits, alluring shop windows, sidewalk cafes, and pedestrian-level lighting. All of this richness and comfort combine to create urban environments that attract people and make them want to linger and enjoy their surroundings while they conduct everyday business, window-shop, or simply enjoy walking in a nice environment for health and recreation.

**APPROACH and METHODOLOGY**

The limits of study for these urban design audits encompass an area that is generally defined as downtown or the CBD.

To conduct the urban design audit for each downtown, CDM Smith first identified the essential qualities common to successful downtowns that contribute to walkability. We categorized four qualities, or indicators, within each of four distinct categories (Refer to Figure 17):

- **Peripheral connectivity,**
- **Enclosure and engagement,**
- **Diversity and design,** and
- **Safety and security.**
To better define these 16 qualities or PEDS indicators (i.e. qualities essential to walkability, accessibility and livability), we prepared a photo board for each indicator. Each board is comprised of photographs of other downtowns that provide examples or models of excellent place-making practices – techniques or strategies that all downtowns should strive for to make cities more walkable and more economically viable.

CDM Smith then developed a methodology to assess or quantify walkability. The process establishes a set of criteria for gauging each of the 16 indicators in a downtown and specific metrics by which to measure the degree to which a downtown, commercial block or “main street” meets the criteria. We term this methodology the Walkability, Accessibility and Livability Quotient (WALQ) (©2013 CDM Smith Inc. All rights reserved). The criteria define the desirable qualities and the metrics allow these indicators to be measured or scored on a street-by-street and block-by-block basis.
Each of the 16 PEDS indicators is assessed and scored on a three-point scale by codifying either empirical data or qualitative criteria. In effect, the process provides a framework for the evaluation of urban walkability by converting qualitative judgments into quantitative data. The resulting composite score provides a uniform method not only for comparing one downtown with another, similar downtown, but also for tracking progress within each downtown over time.

The scoring of downtown for each of the 16 indicators - further defined in the following section - was conducted using the metrics and locational parameters. The score sheet utilizes an Excel spreadsheet that was devised to tally scores for each street segment and for each indicator, convert or level composite scores to a three point scale and tabulate a total score for the entire downtown (also represented on a scale of 1 to 3).

Further, scores are color-coded on a chromatic scale where greenish hues indicate scores above the mean and reddish hues indicate scores below the mean. The color-coding allows a quick visual understanding of the scores which, when applied to corresponding street segments on a map of downtown (refer to Map 1: Walkability in the Appendix), also reveals patterns of walkability across blocks and throughout the downtown.

This assessment and scoring process, which we playfully call WALQ = PEDS, is intended to be accessible yet informative. We want to attract and involve townspeople in a methodical but engaging assessment of their city so that they can better relate to their city’s structure, understand its components, discover its deficiencies and then monitor it over time after the baseline condition has been established.

To enable townspeople to better understand how the WALQ scores for their downtown were derived, residents of downtown will be invited to walk the study area to apply the WALQ methodology themselves. This exercise will be conducted by an urban planner trained in the methodology and will not only allow townspeople to actively participate in the assessment and scoring process, but also to learn firsthand where and why downtown streets may be deficient or performing above the norm. They will also be encouraged to reassess their downtown streets using the WALQ scorecard every few years to determine where the streets have improved; or, possibly, where conditions may have slipped. By revisiting the criteria and scoring metrics of WALQ, townspeople will be able to identify the specific reasons why a street may be underperforming and work with planners, policy boards and town officials to correct conditions that are likely contributing to that underperformance.
OVERVIEW OF ASSESSMENT

Full Assessments presenting the 16 indicators of WALQ (Walkability, Accessibility and Livability Quotient) can be found in the Appendix of this report. Each community’s assessments includes:

- The reasons why each indicator is important to downtown walkability and long-term viability;
- The criteria the design audit team used in assessing them;
- The score that each downtown received for each (on a three point scale); and,
- The team’s recommendations on how each town can improve its downtown relative to each of the indicators.
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