Mixed-Use Real Estate Planning

Program Year 2

November 15, 2013
Downtown Middletown
Welcome

The Honorable Daniel Drew
Mayor of Middletown
Partnership for Success

Connecticut Main Street Center & Connecticut Housing Finance Authority
The Problem

Connecticut’s downtown properties are needlessly under-utilized and under-valued.
Comparison

Asheville Big Box vs. Downtown Mixed-Use Development

<table>
<thead>
<tr>
<th></th>
<th>Asheville Walmart</th>
<th>Downtown Mixed-Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Consumed (acres)</td>
<td>34.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Property Taxes per Acre</td>
<td>$6,500</td>
<td>$634,000</td>
</tr>
<tr>
<td>Retail Taxes* per Acre to City</td>
<td>$47,500</td>
<td>$83,600</td>
</tr>
<tr>
<td>Residents per Acre</td>
<td>0.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Jobs per Acre</td>
<td>5.9</td>
<td>73.7</td>
</tr>
</tbody>
</table>

*Estimated from public reports of annual sales per sq.ft..
Vacant Buildings Cost Communities
$222,340/year/vacant space
Reduced property value, property tax, sales tax, utilities, professional services, and workers’ pay

Upper-story Residential Units Benefit Local Economy
Annual downtown impact/unit = $20-39K

Main Street Iowa Economic Development Study, Donovan Rypkeyma
The Opportunity

People want to live in authentic, compact places where one can walk to shops and services.
Mixed-use/mixed-income development has become a lost art form.
The Main Street Four Point Approach™

1. Organization
   Restoring Civic Value

2. Design
   Restoring Physical Value

3. Promotion
   Restoring Social Value

4. Economic Restructuring
   Restoring Economic Value
Commercial districts must be managed
Come Home to Downtown Year 1

3 Pilot Communities
- Torrington
- Waterbury
- Middletown
Program

- Downtown Development Audit
- Model Building Analysis
- Assistance to Property Owners
Model Building

Owner: The Amato Family

Location: 418-426 Main Street
- Across the street from the owners’ well-known and long-established shop, Amato’s Toy and Hobby

Redevelopment Plan: 6 units
- 4 large loft-style apartments & 2 smaller apartments in the back
Lessons Learned

- Even when zoning regulations promote redevelopment, this is not enough to enable mixed-use development.

- Small, mixed-use development are some of the hardest real estate deals to accomplish because:
  - Older building gut rehabilitation (most costly)
  - In complex downtown settings
  - It requires well-integrated public-private partnerships
Lessons Learned

- Many state and federal resources are only available to larger projects than a typical downtown building in CT.

- Market-rate rents for these apartments are often the same as HUD affordable rental rates.

- Education & technical assistance programs are needed to prepare property owners for redevelopment & property management.
Lessons Learned

- Community meetings supported the assumption that there is a growing interest in living downtown.

- Downtown Management capacity is critical to the success of mixed-use development.
Findings in Torrington, Waterbury & Middletown

- Land use regulations promote redevelopment
- Parking is always an issue
- Downtown property owners are not developers or even landlords
- The financial gap for redevelopment is significant
- A mechanism is not available to address the gap
There is now a better understanding of what the next steps need to be, and a greater appreciation of the importance of the public-private partnership that is necessary to overcome the challenges and achieve reuse of these properties.

Rose Ponte, Torrington’s Director of Economic Development
The Challenge

*It takes a community to successfully redevelop under-utilized downtown properties*

It’s a risk with great rewards for the entire community and therefore worth the community’s investment of time and resources
Mixed-Use Real Estate Planning

Program Year 2
Community Engagement

Community Liaisons
Advisory Team
Community Meetings

What’s right for your town?
Advisory Team

- Local Downtown Leaders
- Business & Property Owners
- Neighborhood Groups
- Elected Officials & Town Staff
- Commercial Real Estate Brokers
- Local Developers
- Other Civic Leaders / Institutional Reps
- Residents
- Other Interested Citizens
Assess the Market Potential for Downtown Living

What are downtown residents looking for?
Program Year 2

- Downtown Development Audit
- Model Building Analysis
Assistance to Property Owners
Expected Outcomes

Community-wide

- An increased understanding of the value of today’s downtowns
- A Downtown Vision
Expected Outcomes

Plan for accommodating mixed-use development & redevelopment downtown

- Recommendations for regulatory changes, parking requirements, marketing and financial incentives
Expected Outcomes

- A growing relationship with downtown property owners
- Redevelopment plans accommodating today’s downtown residential needs
Expected Outcomes

- Property Owners have better understanding of development process & property management
- Alternatives for addressing the financial gap have been identified
Community Participation

What is expected of you?
Leadership Support

✓ Chief Elected Officials
✓ Downtown Leaders
✓ Local Boards & Commissions

Town Staff Support

✓ Town Manager
✓ Planning staff
✓ Economic Development professionals
✓ Other town departments as needed
Community Partnership Agreement

Building Owner Memorandum of Understanding

Advisory Team Responsibilities

Timeline
Selection Process

- Submit Application by December 11, 2013

- Select communities will be asked to conduct a downtown tour with proposed project leaders by December 20

- CMSC will choose 2 Pilot Communities & work in concert with them through Summer 2014

- Pilot communities & property owners will enter into Partnership Agreement w/CMSC by mid January
Selection Criteria for Communities

- Likelihood of Success
  - Strong public & private partnerships
  - Capacity for downtown management
  - Success of previous revitalization initiatives
  - Existing or potential financial resources focused on downtown
  - Strong track record of community engagement
  - Supportive municipal staff

- Ability to leverage other state/agency initiatives and investments
Selection Criteria for Property Owners & Buildings

✓ Mixed use building
✓ Downtown location with ground floor commercial uses
✓ Residential component not more than 20 units
✓ Upper floors currently underutilized

✓ Strong likelihood of be redeveloped
✓ Motivated and committed building owner
✓ Represents a good example of a typical building found in Connecticut’s downtowns
Discussion:
Questions & Answers

A Pilot Program
Connecticut Main Street Center
c/o CL&P  PO Box 270
Hartford CT 06141
860-280-2337
info@ctmainstreet.org

Susan@ctmainstreet.org