

ECON 1017

Community and Economic Development Needs Assessment of Hartford, CT



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Introduction

Hartford was founded in 1635 and is among the oldest cities in the United States. Throughout the 19th century and well into the 20th century, Hartford was a center of influence, had a strong economy and was one of the wealthiest cities in the country. It also had secured its place as a major manufacturing city. The arrival of the 20th century also brought about some hardships for the city. This included one of the worst fires in the history of the US—the Hartford Circus Fire. Despite the disaster, the city was continuing to grow, with many Puerto Ricans moving to the area. However, in the 1950s, the expansion of suburbs led to population loss in the city limits. Businesses shut down or moved as suburban areas continued to grow. The population continued to drop through the 1990s, and it has been up and down ever since.¹ Today, it is one of the poorest cities in the U.S., with 3 out of every 10 families living below the poverty threshold². Hartford is also one of the top 100 most dangerous cities in the U.S.A.³

The Metro Hartford region is at a unique point in its economic development history. Though Hartford has suffered a decade of economic stagnation, it is poised for growth. The Hartford business community includes strong financial/insurance firms, a resurgent manufacturing sector, and an emerging biotechnology industry. The Hartford metro area is home to over a dozen colleges and universities, 38 towns representing a diversity of lifestyle options, growing public transit network, a rebirth of riverfront access, and a growing number of activities and attractions that support the community and can spur additional economic growth. The challenges of Hartford come from low wage growth, growing inequality and skills gap amongst residents and rising cost of housing. This report provides a detailed analysis of the historical context of Hartford, demographics and key players in the community in areas of financial lending, neighborhood organizing and public governance.

¹ <http://worldpopulationreview.com/us-cities/hartford-population/>

² https://en.wikipedia.org/wiki/Hartford,_Connecticut

³ <https://www.neighborhoodscout.com/ct/hartford/crime>

Brief Overview of Connecticut

To provide a complete analysis of any city, it is necessary to learn about the state where it is located as often, the regions could share economic and demographic trends. Over the course of its long history, Connecticut has successfully reinvented itself several times, changing specialties from agriculture to manufacturing to financial services.⁴ Even though Connecticut has consistently been the No. 1 state in the country in per-capita income, the state's economy has ranked among the worst in the nation and over the past 20 years with its job creation numbers have ranked in the bottom five among the 50 states.⁵

After the financial collapse, two of Connecticut's major industries, the goods manufacturing industry and the finance and insurance market contracted by 75% and 30% respectively, according to the Connecticut Center for Economic Analysis. Although the number of jobs in Connecticut has increased over the past few years, jobs coming into the state pay significantly less than the jobs that are leaving, according to Carstensen. Connecticut lost 54,300 jobs in higher-wage industries because of the recession, but has since gained back only 8,900.⁶ In 2017, when the rest of the country has bounced back from the recession, the Connecticut economy was smaller than it was in 2004, and even the state's fastest-growing markets like the information sector lag behind neighbors in the region.

Identified State Issues:

- A. **High Taxes:** The state and local tax burden is now at 12.%, leaving Connecticut behind only New York among states with the highest individual taxes. According to the Tax Foundation's State Business Tax Climate Index ranking, Connecticut ranks 44th in the U.S. for its ability to attract and keep businesses in the state.⁷

⁴ <https://www.governing.com/topics/finance/gov-connecticut-richest-state-fiscal-problems.html>

⁵ <http://features.yaledailynews.com/blog/2019/04/12/up-close-picking-up-the-pieces-of-cts-economy/>

⁶ <https://www.courant.com/politics/hc-decade-review-connecticut-slow-recovery-20191222-prfiigk45fhh3lmvqnilmd-dusi-story.html>

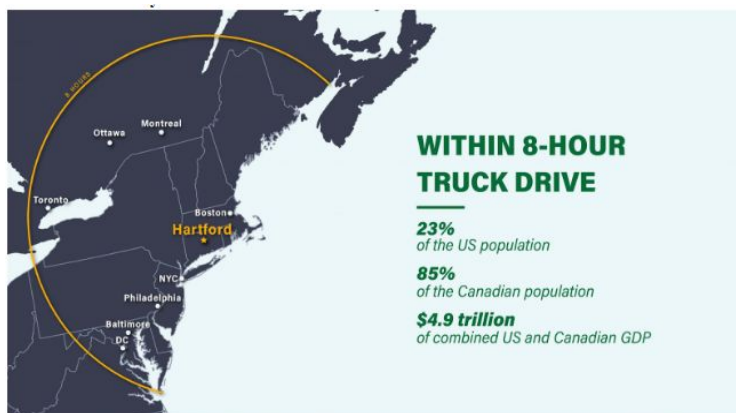
⁷ <http://features.yaledailynews.com/blog/2019/04/12/up-close-picking-up-the-pieces-of-cts-economy/>

- B. ***Individual and Business Migration:*** It is becoming increasingly difficult to convince potential residents — especially young families and retirees — to make Connecticut their home. Connecticut is ranked 3rd in the nation among states with the most residents moving elsewhere. The state has also seen an exodus of big corporations, especially in the pharmaceutical and insurance industries. Among the big corporations to leave for Boston were Fairfield-based General Electric in 2016 and New Haven-based company Alexion Pharmaceuticals, Inc in 2018.
- C. ***Demographic Shift:*** Many of the companies leaving are not moving to states with lower taxes. In fact, two of Connecticut cities' greatest rivals in the fight to recruit growing companies are Boston and New York: cities with some of the highest taxes in the country. Whereas young people used to move back to the Connecticut suburbs from cities like New York in their 20s, millennials are staying single longer and postponing heading back to smaller cities and towns. As a result, companies are flocking in large numbers to where they can find the most millennial talent.
- D. ***Income inequality and vanishing of the middle class:*** Connecticut has the largest gap between the richest one percent and the poorest 99 percent in the country. And as wages for low-income residents remain stagnant, the state's revenue streams have also faced a growing crisis. As the result of a long history of redlining and other racist housing practices in the 20th century, Connecticut cities still see extreme levels of housing segregation, according to a 2018 DataHaven report.
- E. ***Failing Cities:*** In addition to providing for their own residents, the cities like Hartford which is the focus of this report, also function as resources for the entire region — without any increase in revenue to provide services to more people. Even though they are centers of commerce, education and healthcare, there is no regional support structure for cities. City governments rely heavily on property taxes to fund municipal services. But a variety of exemptions from such fees often deprive city governments of much-needed revenue.⁸

⁸ <http://features.yaledailynews.com/blog/2019/04/12/up-close-picking-up-the-pieces-of-cts-economy/>

1. Hartford Location and Infrastructure

Hartford is Connecticut's largest city and a well-connected metro region in the northeastern U.S. The region boasts excellent transportation infrastructure through Bradley International Airport and the intersections of New England's major highways I-84, I-90, I-91, and I-95, which traverse the entire East Coast. Both I-84, which connects PA and MA, and I-91, which runs from New Haven, CT to Canada go directly through Hartford. With an optimal North American location and access to the world's fifth best airport (Conde Nast Traveler, 2018), Hartford offers connectivity, top-notch talent, and concentration of major corporations. Fortune 500 companies in the area include



Source: US Bureau of Economic Analysis, Regional Accounts, 2016. Census, County Business Patterns, 2016. Statistics Canada, 2016. Internal MHA Analysis

United Technologies, Cigna, The Hartford, Stanley Black & Decker, Aetna, and Eversource Energy. The region is also home to 27 company headquarters that produce \$1+ billion in annual revenue.⁹

The Hartford Region also benefits from a strategic location in the heart of New England's Knowledge Corridor that is home to world-renowned colleges and universities like Trinity College, Wesleyan University, University of Connecticut, Goodwin College, University of Hartford, and Yale. These institutions and others contribute 15,000 students/year to the workforce.

Hartford's transportation infrastructure supports convenient access for the workforce to move throughout the region. It features a bus system, CTfastrak, that serves 26 towns in the Hartford Region to Connecticut's first Bus Rapid Transit system to programs that make bicycling and walking safer. The Hartford Line deploys 17 trains per day that connect Hartford

⁹ <https://www.metrohartford.com/doing-business-in-hartford-ct/workforce/>

to New Haven and 12 of those trains continue to Springfield, MA. This creates easy access to New York City via MetroNorth.¹⁰

Infrastructure Challenges:

1. Hartford experiences heavy traffic as a result of its substantial suburban population (nearly 10 times that of the actual city). Intersection of I-91 and I-84 is considered to be one of the worst bottlenecks in the country where traffic can back up for a mile or more infuriating commuters. A problem the state now aims to solve as part of a \$213 million transportation project just getting underway. The project is mostly funded by state and the proceeds from the sale of state transportation bonds with some federal highway funding;¹¹
2. A crumbling piece of 20th-century infrastructure, a stretch of the I-84 viaduct adjacent to Downtown Hartford is well past its expiration date which expires in 2005, is badly congested, and in need of repair. Completed in 1965, the elevated thoroughfare was part of the national urban-renewal campaign to ram freeways through downtowns, and it did extraordinary damage to Hartford's urban fabric and deprived Hartford of waterfront property along the Connecticut River that could otherwise be used for recreation or development.¹²

2. Population, Economics, and Market

2.1 Population & Demographics

With a population of 122,587 in 2018, Hartford is one of the five cities in Connecticut with a population of over 100 thousand. Hartford's population grew at a steady rate during its earliest years and peaked in 1950 with over 177,000 residents. The city's population was dropping as more people were moving to suburban areas surrounding the city. Recent estimates show that the population has again dropped over 1% since the last census taken in 2010. Socio-economic

¹⁰ <https://www.metrohartford.com/doing-business-in-hartford-ct/global-business>

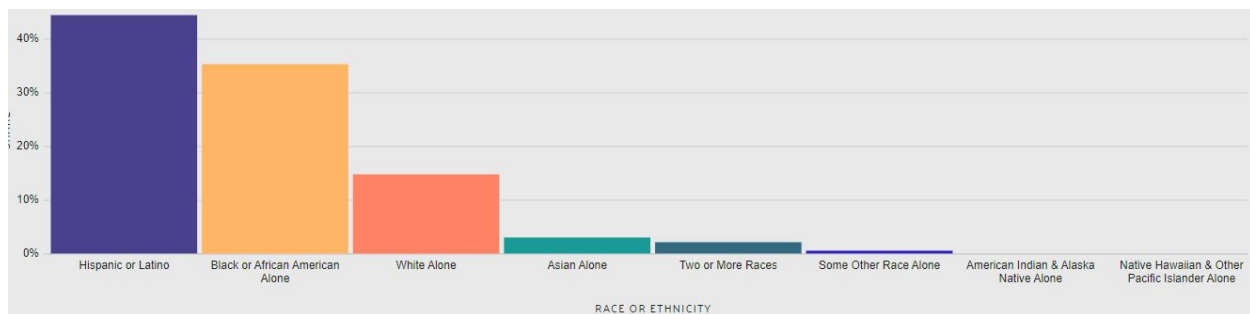
¹¹ <https://www.courant.com/business/hc-i91-traffic-headaches-charter-oak-bridge-20190503-2x5iwonwube35ht2frzdc7kk4e-story.html>

¹² <https://larson.house.gov/issues/infrastructure-and-transportation>

disparities between the city and its suburbs, high poverty rates and the city's financial problems are a contributing factor to the reduced population.

Age: The largest age group consists of residents under the age of 18, making up over 30% of the total population. ¹³ Hartford has a lower than average age of 31.5 and is on the list of "Top 101 cities that people commute into (largest positive percentage daily daytime population change due to commuting) (population 50,000+)" according to city-data.com. Only 10% of the population in Hartford are seniors (65+). It is expected that the elderly population will grow in the next decade with the baby boomer generation reaching retirement age. Despite Hartford's low elderly population, 3,697 grandparents lived with one or more of their own grandchildren, and of those grandparents, 47.2% are the children's primary caregivers. ¹⁴

Race and Ethnicity: The ethnic composition of the population of Hartford, CT is composed of 44.3% Hispanic or Latino residents primarily of Puerto Rican origin, 35.3% Black or African American Alone residents, 14.8% White Alone residents, 2.93% Asian residents. ¹⁵The following bar chart shows the 8 races and ethnicities represented in Hartford, CT as a share of the total population.



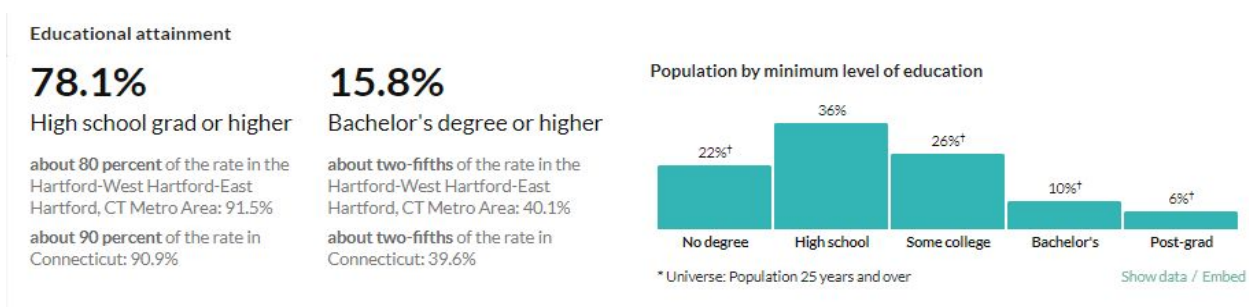
¹³ <http://worldpopulationreview.com/us-cities/hartford-population>

¹⁴ https://www.crtct.org/images/stories/docs/2016CAP_ExecSummary_FINAL.pdf

¹⁵ <https://datausa.io/profile/geo/hartford-ct#demographics>

Veterans: 2,700 veterans live in Hartford making up 2.2% of the town's total population. Of these veterans, 15.41% live in poverty and 30.06% are disabled. ¹⁶

Education: Located in the New England's Knowledge Corridor, the largest universities in Hartford, CT by number of degrees awarded are University of Hartford (58.6%), Trinity College (22.4%), and Capital Community College (14.2%).¹⁷ Hartford, like Connecticut, is suffering from a lack of qualified and educated employees. Only 6 % of Hartford citizens hold graduate



degrees, 10.% bachelors degrees and 6.4% associates degrees. 17.4% have had some college, 36% are highschool graduates, 13.5% have completed 9th-12th grade and 12.2% less than 9th grade.

Student Race and Ethnicity: Most students graduating from Universities in Hartford, CT are White (60.5%), followed by Black or African American (14.2%), Hispanic or Latino (11%). ¹⁸

2.2 Economics and Markets

Only last year, Hartford was on the brink of bankruptcy. City tax base and population have shrunk and its pension obligations and debts have piled up. City officials were approaching \$50 million in debt and even took steps, such as hiring lawyers, to position the city to be able to file for bankruptcy. At the last moment, Hartford got a much-needed lifeline after its city council approved a deal to have Connecticut take over the city's roughly \$540 million of general

¹⁶ 2016 CRT CAP Report Executive Summary,

https://www.crtct.org/images/stories/docs/2016CAP_ExecSummary_FINAL.pdf

¹⁷ <https://datausa.io/profile/geo/hartford-ct#education>

¹⁸ <https://datausa.io/profile/geo/hartford-ct#education>

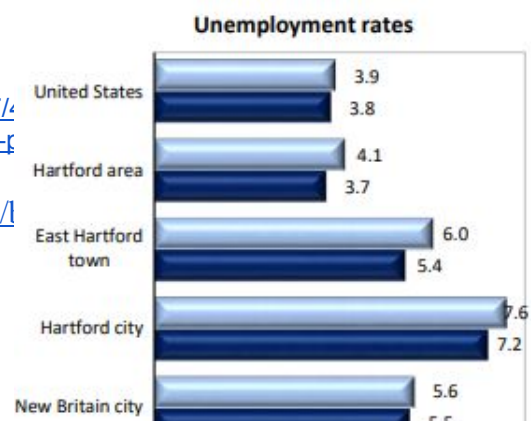
obligation debt.¹⁹ The city is now entering its second budget under a five-year financial plan meant to maintain balance, rebuild its meager rainy-day fund and improve infrastructure without borrowing. Moody's Investors Service has already recognized the improvement in Hartford's financial health. Earlier this year, it upgraded the city's issuer rating from B2 to B1, and maintained the A2 bond rating it gave Hartford last April after the state agreed to pay down the city's general obligation debt.

Tax Revenue Challenges: Hartford itself is home to fewer than 124,000 residents, meaning it has a small tax base that doesn't cover the property tax revenue gap. Connecticut also doesn't allow local sales or income taxes, so those options are off the table. Hartford has less taxable property than the neighboring suburban community of West Hartford, which has less than half of the population than its urban neighbor. "The root of the problem is you have a city built on a tax base of a suburb," said Mayor Luke Bronin. The mayor said the small tax base along with growing fixed costs produced structural budget deficits that prior administrations sought to deal with through asset sales, short-term debt restructuring and property-tax increases.²⁰

Employment: The economy of Hartford, CT employs 50.4k people. Future job growth over the next ten years is predicted to be 24.3%, which is lower than the US average of 33.5%. The largest industries in Hartford, CT are: Healthcare & Social Assistance (21.8%), Retail Trade (13.2%), and Accommodation & Food Services (8.31%). However, the highest paying industries such as Professional, Scientific, & Technical Services (\$57,917), Finance & Insurance (\$46,879), and Public Administration (\$44,329) employ only 3.5%, 4%, and 4% respectively.²¹

Unemployment: As of Fall 2019, Hartford's unemployment rate is 7.6% compared to a National rate of 3.8%.²² Hartford's young adults are an untapped resource who can contribute to the local

Unemployment rates for the Hartford area, selected area cities, towns and the nation



¹⁹ <https://www.insurancejournal.com/news/east/2018/03/27/>

²⁰ <https://www.wsj.com/articles/hartfords-finances-spotlight-f>

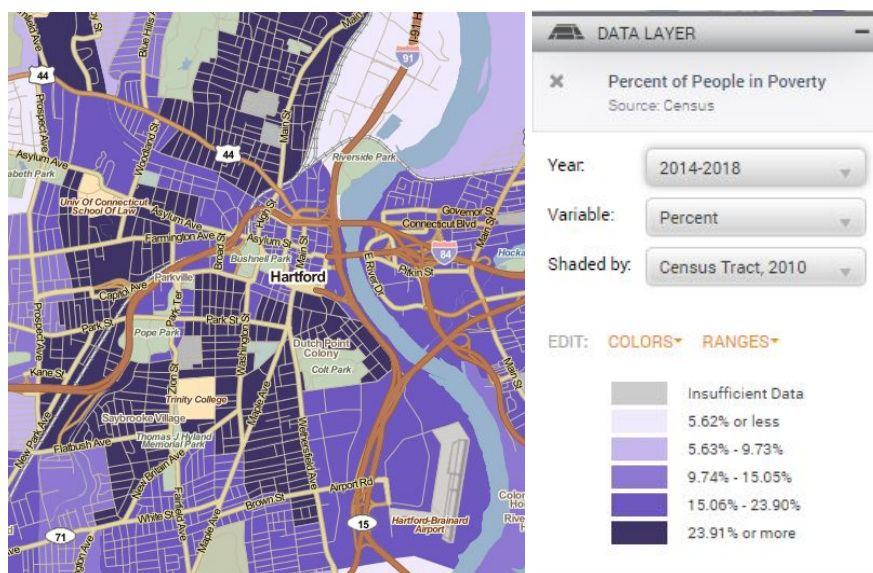
²¹ <https://datausa.io/profile/geo/hartford-ct>

²² <https://www.bls.gov/regions/new-england/summary/>

labor pool, but are currently unprepared for jobs available at local and regional employers. Within target neighborhoods like Barry Square, Frog Hollow, and South Green, census data reveals that 23% of those aged 16-29 are unemployed and 69% of those aged 20-29 are not in the labor force at all. Unemployment rates for those aged 16-21, and specifically for Black and Latino males, are higher than other segments of the populations as well. Over 42% of households in the target neighborhoods have incomes below the poverty line, and 72% have incomes below 200 percent of poverty. Nearly two-thirds of those families in poverty are single-female headed families with children under 18.

Poverty:

31.1% of the Hartford's population lives below the poverty line, nearly triple the state average at 10.4% and national average of 13.1%.²³ The poverty rate is dramatic among specific populations with women between 18-34 representing the largest demographic living in poverty as well as 40% of families with children younger than 18 years of age, 51% of single mothers, and 52% of families with children under five years of age.²⁴ The predominant racial or ethnic groups living below the poverty line in Hartford are Hispanic (36.5%), Black (21.8%), and White (20.4%).²⁵

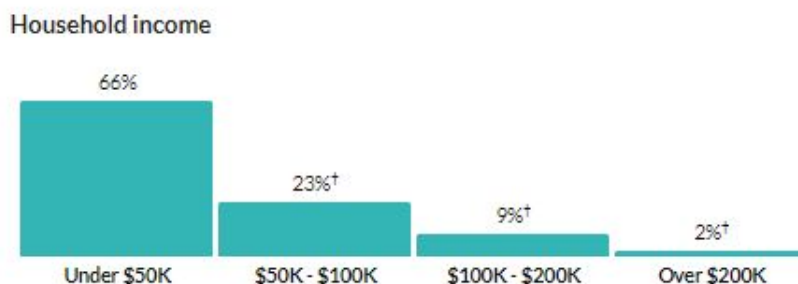


²³ <https://censusreporter.org/profiles/16000US0937000-hartford-ct/>

²⁴ https://www.crtct.org/images/stories/docs/2016CAP_ExecSummary_FINAL.pdf

²⁵ <https://datausa.io/profile/geo/hartford-ct#economy>

Income: Hartford has the lowest household income for all family types in Connecticut. According to the U.S. Census Bureau, the median household income for Hartford was \$30,644 in 2018 which is about two-fifths of the \$76,348 state average. Similarly, the average per capita income of \$19,215 is barely two-fifths the state average of \$44,026 as well.²⁶



3. Housing & Living

3.1 Housing Statistics

With 46,000 houses or apartments, and a median cost of homes at \$186,115, Hartford real estate values are some of the lowest in Connecticut. Large apartment complexes or high-rise apartments are the single most common housing type in Hartford, accounting for 43.81% of the city's housing units. Nearly 42% of the housing in Hartford was built before 1939 making the housing stock in Hartford some of the oldest overall in America.²⁷ Lastly, the homeownership rate in Hartford is 23.8%, significantly lower than the national average of 63.9%.²⁸

3.2 Housing Affordability

Hartford is the second-most affordable city in Connecticut, behind New Britain. More than half of Hartford renters spend at least 30% of their monthly income on rent with 25.6% of renters

²⁶<https://censusreporter.org/profiles/16000US0937000-hartford-ct/>

²⁷<https://www.neighborhoodscout.com/ct/hartford/real-estate>

²⁸<https://datausa.io/profile/geo/hartford-ct#housing>

spending more than half, per Popov. The long-held rule of thumb among financial experts is never to spend more than 30% of your income on rent.²⁹

3.3 Hartford City Government Structure

Hartford Department of Development Services (DDS) - Hartford's major provider of services related to economic development, job growth, urban planning, housing - comprises of 5 divisions:³⁰

Office of Grants Management secures, administers, and manages U.S. Housing & Urban Development (HUD) entitlement grant programs such as the Community Development Block Grant (CDBG), HOME Investment Partnership (H.O.M.E.), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With Aids (HOPWA), as well as other federal and state grants and loans.

Housing and Property Management Division stabilizes and improves Hartford's housing stock and neighborhoods, provides loans for development, renovation, and first-time home purchase of all types of housing. The division staffs the Fair Rent Commission and works with other City divisions and departments to acquire and dispose of uninhabitable and vacant properties in order to preserve, improve, and strengthen the city's neighborhoods, stabilize the existing housing stock, and promote home ownership.

Licenses and Inspections Division ensures the health and safety of the public and the soundness and habitability of the city's residential, industrial, and commercial structures.

Economic Development Division expands the nonresidential tax base and the pool of job opportunities within the city in order to improve its business climate and standard of living. It seeks to create an environment that is attractive to high quality business enterprises by promoting the benefits of locating a business in the city and working with existing city businesses. This division also staffs the *Hartford Economic Development Commission* and the *Redevelopment Agency*.

²⁹<https://www.courant.com/the-thread/hc-news-hartford-rent-prices-down-in-june-20190711-sj4k-gi5pynxnapi5i7d7w2ogy-story.html>

³⁰ <http://www.hartfordinfo.org/issues/wsd/government/InsHtfdEng.pdf>

Planning Division promotes quality urban design throughout Hartford. The division is responsible for preparing the City's long-range Plan of Development and the Capital Improvement Plan, and reviewing and making recommendations on development proposals, conformance with design, historic, and zoning regulations. It reviews and makes recommendations on amendments to Neighborhood Revitalization Zone (NRZ) plans and proposals to establish new NRZs.³¹

Hartford Housing Authority (HHA)

While not a City department, Hartford Housing Authority is responsible for operating, maintaining, and building public housing. It also provides homeownership opportunities to HHA residents and assists residents and their families to become independent. However, as of January 1st, 2017, it has closed its Waiting List for Low Income Public Housing (LIPH) and has not been accepting new applications for the waiting list due to the limited inventory of the LIPH.

A lot of the low-income housing is not suitable for safe living and is in disrepair. As an example, the old Westbrook Village, built in the late 1940s and early 1950s, catered to low- and middle-income families. Part of the Hartford Housing Authority's original portfolio, the complex stopped taking new tenants in 2012. Most have since relocated. HHA recently partnered with Pennrose and The Cloud Company real estate developers to take on a total demolition and reclamation of Westbrook Village. The final product will include 400 one-to-three bedroom homes, many of which will be reserved for households with incomes under \$20,305, or 60% of the Area Median Income that was measured at \$33,841 in 2017.

When it comes to helping low-income people find housing outside struggling neighborhoods, the federal government lets local housing authorities grade themselves on their success. For each of the last five years, at least 90% of local housing authorities nationwide gave themselves a perfect score in this regard, according to an analysis by The Connecticut Mirror and ProPublica of information submitted to the U.S. Department of Housing and Urban Development. Among the perfect scores was one from the Hartford Housing Authority which gave itself all of the points for "expanding housing opportunities" for the last six years and where one resident told the

³¹ <http://www.hartfordinfo.org/issues/wsd/government/InsHtfdEng.pdf>

Mirror and ProPublica she spent 16 months looking for a rental before she found one. Hartford officials said that's in part because there is little time to counsel voucher recipients; Hartford's six caseworkers are each responsible for overseeing 400 voucher holders, however, they still think they do amazingly well.³²

Hartford's public housing agency has received a federal, three-year grant of \$450,000 to help connect residents with jobs and educational opportunities. The award is part of \$28 million in grants the U.S. Department of Housing and Urban Development announced Friday for public housing authorities and nonprofit organizations to hire or retain service coordinators for HUD's Resident Opportunities and Self Sufficiency Program (ROSS).

3.4 Hartford's Low-Income Housing Challenges:

Since the mid-1980s, almost \$2.2 billion in low-income housing tax credits have been awarded to construct 27,000 affordable housing units in the state of Connecticut. About 80% were located in struggling communities, literally erecting pockets of poverty. In a recent federal study of 21 states, it had the second highest concentration of affordable housing in high-poverty neighborhoods, behind only Mississippi.³³

For example, in Frog Hollow — Hartford's neighborhood and one of the state's poorest and toughest areas - at least half of the homes are reserved exclusively for the poor, thus creating affordable housing and segregating crisis. Living in Hartford neighborhoods just a few blocks from each other often have drastically different life outcomes. Research found the life expectancy of those who grow up in the Frog Hollow neighborhood is 12 years shorter than those living just 1.5 miles down the road in the middle-class town of West Hartford. Separately, a team from Harvard, Brown and the U.S. Census Bureau found that children in Frog Hollow were four times more likely to be imprisoned than those over the West Hartford line. Connecticut's distribution of tax credits in Hartford has kept poor people in poor neighborhoods such as Frog Follow, but it has also kept middle-class and wealthy people out. And housing

³²<https://ctmirror.org/2020/03/05/local-housing-authorities-give-themselves-perfect-scores-renters-disagree/>

³³<https://www.propublica.org/article/separated-by-design-why-affordable-housing-is-built-in-areas-with-high-crime-few-jobs-and-struggling-schools>

advocates say that lack of economic diversity can deprive struggling communities of sorely needed investment. Nearly all of the renovated homes and apartments in Frog Hollow, for instance, are reserved for low-income residents. That creates a barrier for thousands of potential residents working in the immediate area. Among the nearby employers are Trinity College, two hospitals and a host of state government agencies. It is a lot easier to build a 100% affordable project than it is to build a mixed-income project. Connecticut's point system also rewards projects that devote a large share of units to the poor. For example, the state recently demolished a rundown and mostly abandoned public housing complex in Hartford's Blue Hills neighborhood. Officials awarded development firm JHM Group \$35 million in federal tax credits and \$18 million in state funding to build in its place Willow Creek, a series of smaller apartment buildings. Of the 135 new apartments, 92% are reserved for poor residents. The lack of income diversity in many cities has resulted in a shrinking tax base to pay for schools, law enforcement and other infrastructure. On the verge of bankruptcy in recent years, Hartford scaled back its police force and trash collection of large items.³⁴

3.5 Historical Context of Previous Development Plans

1935-1970s

In the aftermath of World War II, Hartford, like many historic American cities, began to alter the physical form and urban character of its urban core (Connecticut History, 2020). Changes began during the 1950s as the growth of suburban homes and increasing affordability of automobiles created a new social class of middle income commuters in the Hartford area (Connecticut History, 2020). Within the downtown area, entire blocks of historic buildings were demolished and in their place parking lots, wider urban and highways were constructed (Connecticut History, 2020). The creation of Constitution Plaza was only made possible after the working class and ethnic neighborhood known as Front Street was razed as part of the greater "urban renewal" plan. This neighborhood previously consisted of 18th- and 19th-century buildings and housed a mostly Italian immigrant population. Previously damaged by major

³⁴<https://www.propublica.org/article/separated-by-design-why-affordable-housing-is-built-in-areas-with-high-crime-few-jobs-and-struggling-schools>

floods in the 1930s and lack of upkeep by landlords led the neighborhood to be designated as “slums,” thus making the Constitution Plaza Project eligible for federal subsidies.

1970s-1990s

In the 1970s and 1980s, there was an increase in public awareness of the negative outcomes of "urban renewal" initiatives and projects. Hartford joined the broader national development revolution and began to preserve historic places and buildings. This included plans to restore waterfront access to many urban areas that were cut off during the expansion of the US Interstate System (funded by the Interstate Highway Act of 1956). The conscience change by policy makers in Hartford is highlighted by the creation of the Hartford Architecture Conservancy and Riverfront Recapture in the late 1970s. The renewed focus on downtown investment created a speculative real estate market regarding proposed office tower complex proposals. However few of these office towers were constructed before the stock market crash in 1987.

1990s: Six Pillar Project

After the 1987 stock market crash, the private market was unable to proceed with the planned investments and the State of Connecticut created the aspirational Six Pillars Project, which proposed a new convention center, hotel, museum, a high rise residential tower, and a football stadium in the Hartford urban area. This public funding and planning helped weather the economic downturn and created a secondary boom of private investment in housing. This private investment in housing and residential projects continued until the 2008 housing market collapse halted further expansion of downtown urban housing construction. ³⁵

3.6 North Hartford Promise Zone (NHPZ)

HUD has awarded a Promise Zone designation to North Hartford – a 3.11 square-mile area encompassing the Clay Arsenal, Northeast and Upper Albany neighborhoods – making Hartford

³⁵ <https://connecticuthistory.org/constitution-plaza-then-and-now>
<https://chs.org/2014/11/constitution-plaza-hartford-history>

the first City in Connecticut to take part in this competitive initiative created by President Barack Obama. In his 2013 State of the Union Address, President Obama announced that he would designate 20 Promise Zones nationwide; high poverty communities that would partner with the Administration to create jobs, increase economic activity, improve educational opportunities, reduce violent crime and improve health outcomes. Promise Zones receive preferential consideration for existing federal funding and are assigned federal staff, along with five full time AmeriCorps VISTA members, to help navigate federal resources.³⁶ The North Hartford Promise Zone (NHPZ) rate of poverty is 49.35 percent, compared to the City's rate of 33.9 percent and the State's rate of 10 percent, and encompasses a population of 23,930 residents.

A centerpiece of the NHPZ designation is Community Solution's restoration of Hartford's historic M. Swift & Sons Factory, which for over 100 years was a leading source of gold leafing for state capitol buildings and historic landmarks across the country. The former factory closed in 2004 and the NHPZ plan prioritizes the revitalization of the factory building as a hub for employment, entrepreneurship and health care services.

The Promise Zone designation would bolster the City's efforts to tap into existing federal grant programs and enhance initiatives already underway in North Hartford, including over \$100 million in façade and infrastructure improvements. Projects include two major school renovations, \$47.5 million for Thirman Milner School and \$68 million for Martin Luther King Jr., as well as \$3 million for the North End Senior Center, \$2 million for the Keney Park Ball Fields, \$23 million for the Keney Park Golf Course and Clubhouse restoration and \$1.5 million for a new police substation on Coventry Street. **Please refer to the Appendix 3 for the full description of the NHPZ.**

4. Hartford Community Needs

1. *Need For Economic Activity: To attract small businesses and large companies.*

Poor public schools pre-qualify the lack of a qualified local workforce that's further exacerbated by high property taxes - a significant driver for employers deciding to move, or

³⁶<http://www.hartford.gov/mayors-office/115-office-of-the-mayor/1674-north-hartford-promise-zone>

more often, not move to Hartford. However, focusing on Hartford's strengths, relative to its neighbors, affordable real estate and strong local universities anchor an excellent proximity to New York City and Boston - location, location, location! As well, promoting business growth in conjunction with developing suitable commercial and mixed-used real estate will create more local opportunities for Hartford residents while drawing in a crucial external stream that brings outsiders in.

2. Need Of Educational Opportunities: To supply an educated workforce in order to attract employers to Hartford.

Gaps in the talent pipeline pose a serious challenge to Hartford's growth, and in order for the region to flourish, Hartford must thrive once more as an innovative local economic epicenter. A mismatch between the education and skill-set of residents and those jobs that are available in Hartford - particularly those requiring more than a high school diploma but less than a bachelor's degree - hurts the productivity and competitiveness of local businesses, the attractiveness of an area, and as seen already, companies leaving or not locating into the Hartford region. This mismatch also impedes the ability of residents to find suitable employment in the city, resulting in high rates of un-or-underemployment which have significant financial and civic consequences for the city, including a less-vested populace who have little reason to care for a Hartford revival. Many Hartford young adults are also an untapped resource who can contribute to the local labor pool, but unprepared to do so.³⁷ Staying solution-oriented, focusing efforts toward and building around quality education (traditional and trade) could be an ultimate catalyst for a community-wide change started at a grassroots level that really taps into the entrepreneurial spirit of the cities Millennial (and younger) demographic as well as their capability to work remotely. Quality education means greater financial awareness, higher rates of employment, and a higher per-capita income. Greater financial awareness also means a smaller market for predatory lending institutions and higher rates of business loan qualification - complementing the aforementioned thought. Charter schools can also provide top-tier education while avoiding the costs associated with traditional private schools.

³⁷ <https://www.bostonfed.org/workingcities/connecticut/cities/hartford>

3. *Need Of Affordable Housing: To increase number of residents and ownership share*

Hartford features one of the oldest housing inventory in the US. By investing in the existing housing stock and expanding rental and homeownership programs, Hartford will be able to improve the homeownership rates, increase tax revenue, and attract younger (and outside) residents (particularly with its proximity to 2 major metropolitan areas).

4. *Need To Attract Young Demographic: To stop the Exodus*

High tax rates, poverty in a generally-wealthy state and poor-performing schools drive out residents or inhibit families from relocating to Hartford. Similarly to the state issues summarized earlier, Millennials and corporations have developed a hankering for urban life, something Hartford simply does not offer.³⁸ It is critical to move some of Hartford's commuting working age population into the city's regional workforce by providing affordable housing in the surrounding communities. Revitalizing neighborhoods, financing small business, especially restaurants, investing in new blood as well as childcare services is essential in attracting the younger generation looking to buy homes in more affordable markets like Hartford.

5. *Need of Better Infrastructure: To improve public transportation*

Repairing outdated infrastructures. Such as I-84, would not only help Hartford residents find employment in nearby areas, but also create additional jobs in the construction industry and provide an unemployed labor force a new skill set. Working with the State on the "30-30-30" plan to invest significantly in the state's rail system and decrease train travel times to 30 minutes between three pairs of cities: Hartford and New Haven, New Haven and Stamford, and Stamford and New York City. An improved high-speed rail route linking proximate hot-market cities like New York and Boston going through Hartford will greatly stimulate local economies and real estate developments.

6. *Need Of Resident Safety: To reduce Hartford Crime*

³⁸ <https://www.governing.com/topics/finance/gov-connecticut-richest-state-fiscal-problems.html>

With a crime rate of 47 per one thousand residents, Hartford has one of the highest crime rates in America compared to all communities of all sizes - from the smallest towns to the very largest cities. One's chance of becoming a victim of either violent or property crime here is one in 21. Within Connecticut, more than 99% of the communities have a lower crime rate than Hartford. In fact, after researching dangerous places to live, NeighborhoodScout found Hartford to be one of the top 100 most dangerous cities in the U.S.A.³⁹

5. Finance EcoSystem

5.1 Government Programs

Community Development Block Grant (CDBG) - Beginning in 1974, CDBG is one of the longest continuously run programs by the City of Hartford U.S. Housing and Urban Development (HUD). The CDBG program provides annual grants on a formula basis to entitled cities and counties, such as the City of Hartford, to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The award for the program is once a year. The application for Fiscal Year 2020-21 funds was due by Feb 13, 2020. However, there is no information about how much the grant is.

New Markets Tax Credit (NMTC) program is intended to stimulate investment in low-income communities (LICs). Originally authorized by Congress in 2000 as a seven-year, \$15 billion tax credit program, it has since been expanded through 2019 for up to \$61 billion. In order to access the credits, investment groups known as Community Development Entities (CDEs) must apply to the Treasury Department's Community Development Financial Institutions (CDFI) fund for a credit allocation. The credit equals 39% of the qualified investment and investors claim it over seven years: 5% in each of the first three years, followed by 6% in each of the remaining four years. Only qualified investments in LICs are eligible for NMTCs. LICs are census tracts that have a (1) poverty rate of at least 20% or (2) median family

³⁹ <https://www.neighborhoodscout.com/ct/hartford/crime>

income of 80% or less of the area's median income (26 U.S.C. § 45D(e)). Qualified low-income community investments (QLICs) can be (1) loans or investments in active LIC businesses, (2) financial counseling and other services to businesses and residents in LICs, and (3) loans to or investments in other CDEs. QLICs are prohibited from investing in rental property and certain types of businesses, including casinos and golf courses.

Four CDEs in Hartford received a total of \$44.5 million from the NMTC program in the last 16 years for the following projects:

- National Trust Community Investment Corporation, \$14.3 million in 2004 for real estate rehabilitation
- HFHI-SA NMTC I, LLC, \$2.55 million in 2011 for real estate construction of housing
- Capital Impact Partners, \$7.68 million for business financing
- Multi-CDE Project, \$19.95 million in 2017 for real estate construction

Opportunity Zones (OZ) are low income census tracts nominated by governors and certified by the U.S. Department of the Treasury into which investors can now put capital to work financing new projects and enterprises in exchange for certain federal capital gains tax advantages. The country now has over 8,700 Opportunity Zones in every state and territory. Opportunity Funds are new private sector investment vehicles that invest at least 90 percent of their capital in qualifying assets in Opportunity Zones. U.S. investors currently hold trillions of dollars in unrealized capital gains in stocks and mutual funds alone— a significant untapped resource for economic development.⁴⁰ Funds will enable a broad array of investors to pool their resources in Opportunity Zones, increasing the scale of investments going to underserved areas. The incentives that encourage long-term investment in low income communities are

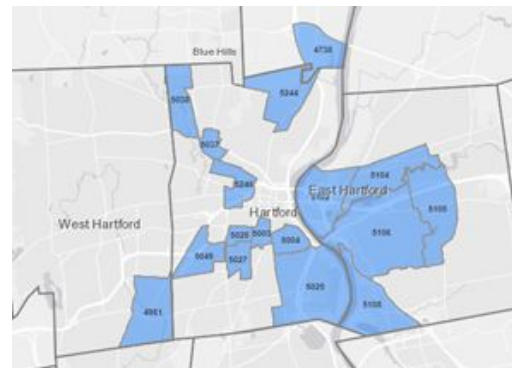
- A temporary tax deferral for capital gains reinvested in an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is sold or December 31, 2026.
- A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis of the original investment is increased by 10% if the investment in the qualified opportunity

⁴⁰ <https://eig.org/news/opportunity-zones-tapping-6-trillion-market>

zone fund is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.

- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in a qualified opportunity zone fund, if the investment is held for at least 10 years. (Note: this exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains).

The map shows the opportunity zones in Hartford. According to the Connecticut Senate Bill No. 570, by Feb 1, 2020, the Department of Economic and Community Development shall develop a priority list of geographically diverse, vacant, state-owned properties located in federally designated opportunity zones to be marketed based on criteria to include, but not be limited to, properties that (1) have economic development viability, (2) are located in a federally designated opportunity zone, (3) have access to transportation or other infrastructure, (4) the development of which would be consistent with the department's plan of economic development in federally designated opportunity zones, and (5) the transfer of which to a private party would not conflict with state law.⁴¹



Types of Eligible Projects:

- Real estate projects. Real estate projects should either be new development or an existing building in need of substantial renovation. Qualified real estate investments can include multi-family and single-family housing, commercial, retail, industrial and mixed-use developments.
- Businesses. Business investments can include any growing business that is willing to take equity investors either as control or non-control positions. Businesses should operate

⁴¹ <https://eig.org/>

within the Opportunity Zone (at least 70% of their operations) and derive most of their revenues from sales within Opportunity Zones (at least 50% of their sales).

- Energy-related projects. Energy efficiency and renewable energy projects can also qualify and may derive their appreciation value from reliable long-term cash flow.

Please refer to Appendix 2 for the full list of available OZ projects in Hartford.

While there are many national wide OZ funds, the following three have focus on East Coast states, including Connecticut.

- Beacon Rose Opportunity Zone Fund is a boutique real estate investment firm focused on developing and repositioning affordable Housing, workforce housing, nonprofit centers and mixed-use developments. Its fund size is \$100 million.
- DelCam Opportunity Zone Fund I focus is contributions to economic development and small business development that revitalize community through job creation, increased wages, educational programs, and improving the working environments. Its fund size is \$10 million.
- Strategic Rivermont Opportunity Zone Fund is a \$250 million fund with focus on investing in downtown districts alongside municipalities in development projects.⁴²

Tax Increment Financing (TIF) uses anticipated future increases in property taxes to pay for current improvements or to repay debt issued for such current improvements. Incremental tax sources can be project-specific or district-wide. TIF Districts cannot exceed 10% of the total value of taxable property within municipality. Municipality is granted the ability to use all or part of the TIF revenues for projects within the TIF district. Portion of incremental TIF revenue can be retained by the municipality to help pay for increased governmental services created by the project. TIF revenues can be leveraged and used to repay debt service on municipal TIF or developer debt related to the TIF District or collected and segregated by municipality and used to fund future projects within TIF District on a pay-as-you-go basis.

⁴² <https://eig.org>

Permitted costs to be financed with TIF revenues: public infrastructure improvements; façade improvements; project development and redevelopment costs (including transit oriented and downtown district development); capital costs, remediation costs; financing costs; land assembly costs; technical and marketing assistance; revolving loans; professional services; repayment of private debt incurred by developer; administrative expenses, including personnel, studies and reports; business development and expansion assistance for TIF district property owners; TIF district establishment costs.

TIF District Financing: Municipality can issue revenue bonds, assessment bonds, general obligation bonds, or any combination, to finance TIF District projects. For public improvements financed with TIF debt; municipality has the option to levy benefit assessments against properties within TIF district befitting from the public improvements, 30-year assessment period; forgivable for any year. Municipal assessments provide additional collateral to debt holders if the project is not developed and incremental tax revenues are never generated. Additional collateral reduces financing costs. Municipality has ability to issue or refinance with general obligation bonds for creditworthy feasible projects within TIF district; lowers overall financing costs and more TIF revenues retained by municipality.⁴³

TIF funded projects in Hartford: “The Meadows” Music Theatre, Hartford (1994) – Now the Xfinity Theater, the Meadows was a \$22 million project that began in 1994. The project was financed with a total of \$9.885 million in TIF funding through the Sales and Use and Admissions Taxes. The project’s complete funding including two non-TIF general obligation bonds issued by the Connecticut Development Authority (now CI) and additional private equity. Bonds were refunded in 2004. The project’s remaining bonded debt as of 2010 was \$6.175 million for 2010 with bonds maturing in 2025.⁴⁴

5.2 Resource Providers and Financial Intermediaries

Community Development Financial Institutions (CDFIs) at Hartford

⁴³ <https://www.gfoact.org/images/customer-files/TIFDistricts02-04-16.pdf>

⁴⁴ <https://portal.ct.gov/-/media/Malloy-Archive/Transportation-Finance-Panel/TFP-Doc-20150729-TIF-memo.pdf?la=en>

Capital for Change, Inc. (C4C) is a private, nonprofit organization. It is the largest, full-service CDFI in Connecticut. C4C provides loans to investors and developers developing affordable housing and energy efficient projects, to nonprofits for acquisition of commercial real estate and leasehold improvements, and to homeowners to purchase housing. Average loan range is \$50,000 - \$2 million with interest rate of 3%-8% for up to 20 years and original fees of 1%-2%. The minimum downpayment for the first-time home buyers is 20 percent, which may not be affordable for some low-income communities. Moreover, this CDFI requires good credit from its borrowers, many of whom may not possess due to past delinquencies or skipped payments, as a result of lack of financial education.⁴⁵

Hartford Community Loan Fund provides financing in Hartford. It facilitates the rehab of housing while creating jobs. The Fund also provides Tax Lien Foreclosure Prevention loans along with microloans to help Hartford residents build credit. HCLF has also been active in several policy matters impacting Hartford residents, including an initiative to bring a second full-service supermarket to Hartford, efforts to reduce the City's practice of tax lien sales to outside investors, and a push to reduce the tax burden on Hartford's small business owners. Initially, HCLF provided financing only in South Hartford, but later on expanded to Hartford, then the state. Now, any Connecticut state resident may apply for financing through HCLF.⁴⁶

New Haven Bank, formerly known as Start Community Bank provides personal checking and savings accounts. Moreover, the bank provides business financing in the following areas; home reconstruction and remodeling, acquisition of multi-family, single family, multi-use, office and industrial, distribution and manufacturing properties (New Haven Bank). The bank also provides term loans, lines of credit and special financing designated for health care providers in the areas of home acquisition and reconstruction.⁴⁷

Hartford Economic Development Corporation offers financing to non-profit organizations and businesses in the state of Connecticut. There are several programs created

⁴⁵ <https://www.capitalforchange.org/>

⁴⁶ <https://www.hartfordloans.org>

⁴⁷ <https://www.newhavenbank.com>

within the corporation, which are intended to provide low interest terms and the necessary funds to start a business. Targeted towards minorities and women. For instance, Minority Business Revolving Loan Fund provides from \$10,000 to 100,000\$ with a fixed interest rate of 4 percent to minority and/or women owned businesses (HEDCO). The corporation also hosts educational classes for people who intend to start a business. The classes cover fundamental lessons every entrepreneur should know. For instance, classes in “business management, marketing, finance, or the legal arena”(HEDCO) are offered. Since its creation, the corporation has made a significant impact on 78 communities, offering 53 financing and educational programs and approving more than one thousand loans or more than 50 million in funds, as stated in HEDCO.⁴⁸

Housing Development Fund, Inc. creates affordable housing “offering lenders the opportunity to invest in the sustainable ownership of our communities...[working] with state and local governments to develop innovative housing solutions and to identify qualified homebuyers for affordable housing and homebuyer assistance programs”(HDF). HDF provides loans to developers planning to build affordable housing, first time home buyers and towards the rehab, construction and maintenance, as stated in HDF. Moreover, HDF is “a HUD-Certified counseling and lending agency”(HDF), that offers informational sessions to first-time homebuyers. The corporation serves the residents of Connecticut and is, currently, expanding to the five boroughs of New York City and Massachusetts.⁴⁹

Cencap Federal Credit Union is a credit union that provides checking, savings accounts as well as auto loans. Furthermore, the credit union provides mortgages. However, the credit union does have special programs for minorities and women. Moreover, there are no business loans. Overall, the credit union functions as a regular bank offering standard interest rates which range from 2 percent all the way to 18 percent (CFCU).⁵⁰

Bank of America/Merrill Lynch Bank of America’s Hartford office is primarily consumer-facing, offering products such as savings accounts, auto loans,home mortgages,home equity lines of credit,online investing, business checking accounts, business credit cards, checking accounts, credit cards, online banking and mobile banking. Bank of America’s

⁴⁸ <https://www.hedcoinc.com>

⁴⁹ <https://hdfconnects.org>

⁵⁰ <https://www.cencap.com>

Affordable Housing Programs provide a variety of innovative, consumer-facing affordable housing solutions. Through the “Home Grant Program,” qualified borrowers can receive a \$7,500 to be used to cover non-recurring closing costs. The “Down Payment Grant Program” allows borrowers to qualify for grants equaling 3% of the home purchase price to use for down payments and fixed-rate loans. “The Freddie Mac Home Possible Mortgage Program” allows borrowers to take out mortgages with a down payment of as little as 3%.⁵¹

Community Development Entities (CDEs)

The Capital Region Development Authority (CRDA) is a quasi-public agency that directs state-supported development projects in Hartford and serves as a regional planning authority. One of its current goals is 3,000 new housing units in the downtown Hartford development district. The agency seeks an investment average of \$60,000 per unit. The Authority is funded by appropriations from the State of Connecticut. CRDA utilizes its funds to make both loans and equity contributions to potential projects to fill one of two types of funding gaps, first to address the gap between the cost of construction and the “upon completion” value, and secondly, to close the financial shortage between the conventional capital stack of debt and equity and the completed value.⁵²

Potential person to interview: Robert Saint, Director of Construction Services at CRDA, (860) 527-0100, rsaint@crdact.net

National Trust Community Investment Corporation (NTCIC), a community development entity (CDE) is among the largest federal tax credit syndicators in America. The organization supports the country's architectural heritage, community development, and renewable energy initiatives through the provision of Federal and State Historic Preservation, Low-Income Housing, Renewable Energy, and New Markets Tax Credits. In 2004, NTCIC provided a total of \$14.3 million (\$10 million New Markets Tax Credit and \$4 million Federal Historic Tax Credit)

⁵¹ <https://bankofamerica.com>

⁵² <https://crdact.net>

financing to Community Solutions International for the substantial rehabilitation of Swift Factory in Hartford, a total development cost of \$30.2 million.⁵³

Person for interview: Andrae Baly abaly@ntcic.com, Senior Asset Manager who monitored the Swift Factory development

Financial Foundations

Hartford Foundation for Public Giving – a community foundation that provides grants to nonprofits and residents in the Greater Hartford area. At the end of 2018, the foundation had a total of \$933 million in assets split in two portfolios—\$382.9 million in the Corporate Portfolio managed by HFPG, Inc. and \$527.9 million in the Trust Portfolio where the Trustee, Bank of America, N.A. and KeyBank, have the sole authority to invest in a diversified portfolio with professional investment managers. In 2018, the foundation received \$13.1 million contributions from businesses and individuals. It provided \$38.2 million in grants and \$3.3 million in other program activities to a broad base of nonprofit organizations that serve education, families, housing, health and more (\$12.6 million for education, \$9.6 million for family and social services, \$4.9 million for community and economic development).⁵⁴The Hartford Foundation for Public Giving is the community foundation for Hartford and 28 surrounding communities. The Foundation has awarded grants of more than \$680 million since its founding in 1925.⁵⁵

Private Equity Funds/Private Intermediaries

Hartford is home to several private equity firms and private intermediaries. Private equity is essential in the growth of the small business environment and, provided the correct incentives, could be a key player in satisfying Hartford's small business financing needs. Firms that should remain of particular focus are those with a pre-established mission to drive change in the social, small business and real estate environments.

⁵³ <https://ntcic.com>

⁵⁴ <https://www.hfpg.org>

⁵⁵ <https://www.courant.com/community/hartford/hc-ugc-article-hartford-neighborhood-development-support-col-2017-12-26-story.html>

BDC Capital Corporation: BDC Capital is a private, mission driven economic development company that provides financing and investment capital for growing companies in New England (bdcnewengland.com). The firm maintains a core mission to offer “gap and supplemental financing” solutions to small businesses. Aspects of their mission most pertinent to this project include Term Loans: BDC capital offers term loans to help small businesses satisfy their working capital, equipment, real estate, business acquisition and debt restructuring needs.

- ★ *Asset Based Lines of Credit:* Lines of Credit designed to assist small businesses by financing accounts receivable and inventory lines of credit.
- ★ *SBA/504 lending:* Through their affiliation with New England Certified Development Corporation, BDC maintains “Preferred and Premier lending status under both the SBA 504 and 7(a) programs” (bdcnewengland.com).
- ★ *Inner City & Community Projects:* BDC remains open to providing financing solutions to inner city and community projects. As noted on their website, “BDC Capital is proud to support inner city and community projects with our financing products. Please contact one of our BDO’s to inquire further about how we can make your municipal projects a reality.” (bdcnewengland.com).
- ★ *Real Estate Acquisition:* “BDC Capital provides real estate acquisition and construction loans with “up to 100% financing with preferred rates, maturities up to 25 years, first or second mortgage loans, participations with” primary lenders and real estate loans with “early out” protection for banks. (bdcnewengland.com).
- ★ *Debt Restructuring:* BDC is committed to help small businesses expand by providing assistance and consultation in the restructuring of business debt.
- ★ *Cash Flow Loans:* BDC’s provides cash flow loans to help smooth the sometimes irregular cash flows small businesses experience in their early stages. Loans like these can be vital in catalyzing small business growth.⁵⁶

ORIX Venture Finance: Founded in 1981 as the U.S. subsidiary of ORIX Corporation, ORIX USA has transformed into a diversified financial company with the ability to provide investment

⁵⁶ <https://www.bdcnewengland.com/>

capital and asset management services to clients in the corporate, real estate and municipal finance sectors.⁵⁷

★ *Multifamily, Seniors and Affordable Housing:* Through its “wholly owned subsidiaries,” Boston Financial Investment Management and ORIX Real Estate Capital, ORIX is committed to providing real estate solutions for affordable housing projects, health care institutions and senior-living facilities. Boston Financial, is a leader in the “Low Income Housing Tax Credit” (LIHTC) industry with \$8.5b of equity investments across 2,400 properties and 220,000 units. (orix.com).

★ *Municipal and Infrastructure:* ORIX is a committed provider of debt and equity capital solutions for public and private taxable and tax exempt infrastructure development projects.

★ *Real Estate:* ORIX Real Estate Holdings offers commercial real estate financing solutions for a variety of different properties including “hospitality, healthcare, and student housing facilities.” (orix.com)

Hartford Investment Management: An investment management firm with a broad, multi-sector portfolio in fixed-income, High Yield, Emerging Market Debt, Asset-Backed Securities (ABS) and Commercial Mortgage-Backed Securities (CMBS) “Depending on individual client needs and circumstances, services can be tailored to address particular risk and return objectives (himco.com).⁵⁸

Penwood Real Estate Investment Management, LLC : Penwood is an investment adviser driven to connect qualified investors with real estate markets through a value-added investment strategy. “The principals’ mind-set is to make decisions from an owner’s perspective about investment properties for the funds they create and manage.”⁵⁹

⁵⁷ www.orix.com.

⁵⁸ <http://www.himco.com/fixed-income>

⁵⁹ <https://penwoodre.com>

Stifel: The firm’s mission is to provide a lasting social impact by providing wealth management solutions that help clients plan for retirement, save for children's college education, reduce tax bills, or increase income to meet monthly expenses (stifel.com).⁶⁰

Private Capital Group LLC: Private Capital Group LLC is a “total wealth advisor” driven to facilitate coordination among professionals across the community. Private Capital Group seeks to foster lasting relationships between any number of different advisors a client might have (pcgct.com).⁶¹

Problem Makers and Opposition Groups

There are several actors who oppose the implementation of the Low Income Tax Housing Credit (LIHTC) and Rehabilitation Tax Credit (HTC) in its current form. Currently, the majority of the projects built with the help of LIHTC and HTC programs are in impoverished areas, with high crime rates, low quality schools and lack of employment opportunities. To allow the poor access to better schools, certain state legislators argue that there needs to be more affordable housing in high opportunity zones, which would theoretically help alleviate the poverty and lack of resources they are facing in low opportunity zones. State senators Richard Blumethal and Chris Murphy argue that the tax credits used to build housing in impoverished areas need to be restructured to increase the affordable housing in middle class neighborhoods.⁶²

The developers also argue that the process of obtaining the low-income housing tax credits is limiting their positive impact on the poor. Specifically, “this system discriminates against poor people. “You are forcing these people to live in communities that don’t have the level of resources needed to educate their kids,” said John McClutchy, developer and founder of JHM Group, who uses the tax credits to build affordable housing in the state. The opposition towards the process of obtaining the tax credits stems from the fact that “the state requires developers to obtain local zoning approval before they even apply for a tax credit, a practice that has been

⁶⁰ <https://www.stifel.com/branch/nj/hackensack>

⁶¹ <http://www.pcgct.com/about>

⁶² <https://www.propublica.org/article/separated-by-design-why-affordable-housing-is-built-in-areas-with-high-crime-few-jobs-and-struggling-schools>

flagged by federal regulators as potentially discriminatory⁶³, as the locals of more affluent areas fiercely oppose the construction of affordable housing projects. A developer can expect to fight a long costly battle with the local residents before obtaining their approval for the construction of affordable housing projects in the area. For this reason, many developers simply build the projects in low opportunity zones, which are easier and cost-effective, compared to potential implications in high opportunity zones.⁶⁴

State Rep. Jason Rojas, a Democrat from East Hartford and the House chair of the tax-writing committee, “offered a legislation in 2015 and 2016 that would have reserved at least 60% of the tax credits for developments in wealthier areas. Despite support from the state’s Latino and African American commissions and numerous other civil rights organizations, Rojas faced stiff opposition from his own party”. Similarly, state Senate President Pro Tem Martin Looney, D-New Haven argues “If you only build more of it in the cities, then you are never really addressing the problem of diversity and integration...There has to be a push to increase affordable housing in the suburbs.”(Ctmirror). In other words, the state legislators view the current function of the federal tax credits as discriminatory and inefficient at combating poverty. As Thomas notes, “the lack of income diversity in many cities has resulted in a shrinking tax base to pay for schools, law enforcement and other infrastructure”(Ctmirror). The solution from the opposition groups’ perspective is, then, to reform the state’s local zoning requirements to allow an integration of low income households with the middle and upper class populations.

5.3 Borrowers

Developers & CDCs

Hartford CDCs help ensure that residents have funds available to pay for other living expenses such as food, utilities, health care and set aside some of their income for long-term investments like education and business. By spending less on rent and mortgage payments,

⁶³<https://www.propublica.org/article/separated-by-design-why-affordable-housing-is-built-in-areas-with-high-crime-few-jobs-and-struggling-schools>

⁶⁴<https://ctmirror.org/2019/11/25/separated-by-design-why-affordable-housing-is-built-in-areas-with-high-crime-few-jobs-and-struggling-schools/>

people can purchase more goods and services within their communities which helps to create a more thriving local economy. In short, providing families with quality, affordable housing changes people's lives and brings new life to neighborhoods that have faced decades of decline and neglect. Operating support is critical to strengthen the work of the CDCs as development projects take many years and fees don't come until the end of the project. Stable operating support allows CDCs to keep a stable pipeline of development deals in motion and avoid swings in their finances.

Mutual Housing Association of Greater Hartford, Inc creates communities of opportunity by developing and managing high-quality affordable housing, while engaging residents in educational and leadership opportunities. Founded in 1988, when representatives of Hartford's corporate, resident, and public sectors were brought together to address the lack of permanently affordable housing in the region. At the time, the city of Hartford had very few vacant apartments and many families were being displaced from their homes due to large-scale conversions to condominiums. MHAGH has evolved over the years and expanded its business lines beyond real estate development. The organization provides its residents with unique opportunities to achieve self-sufficiency and develop personal goals. They own and manage over 500 units by leasing these units to qualified tenants and providing maintenance and repairs; engage with residents by operating two food pantries, coordinating community room events, and offering classes and workshops. ⁶⁵

Projects:

- THE HUB ON PARK (completion by April 2020) - \$16.2M development, It is Mutual Housing's fifth development in Frog Hollow and a new transit-oriented development. The site comprises five parcels: 929 Park Street, 981 Park Street, 26 York Street, 30 York Street, and 34 York Street. Most of the forty-five units will be set aside as affordable housing. Five units will be market-rate.

⁶⁵<https://www.courant.com/community/hartford/hc-ugc-article-hartford-neighborhood-development-support-col-2017-12-26-story.html>

- PARK TERRACE II -\$14.5M development. A 68-unit development that included the renovation and new construction of 13 buildings and six vacant parcels This project successfully renovated all of the blighted buildings on this block and revitalized the neighborhood. Three of the buildings were scheduled for demolition, but MHAGH was able to preserve them. Historic tax credits enabled MHAGH to preserve many of the original historic features of the buildings. Consequently, Park Terrace II has won awards from the Hartford Preservation Alliance and the Connecticut Trust for Historic Preservation.⁶⁶

Sheldon Oak Central - Hartford-based not-for-profit, tax-exempt urban development corporation. Its mission is to develop, manage, and produce affordable housing for at-risk populations through the network of community centers and the development of commercial real estate necessary for community economic growth. Organization has completed over 700 units of decent, community-supported development in the City of Hartford and surrounding communities.⁶⁷

Nonprofit Organizations

Community Renewal Team (CRT) – a nonprofit community action agency that operates in Central Connecticut including Hartford. The agency’s operating revenue in 2018 is \$52.7 million, down from \$80 million in 2011. Its primary source is government grants—\$36 million federal and \$6.9 million state—mainly for energy assistance programs, \$19.7 million, and children programs, \$18.2 million. CRT’s main expenses are \$22.7 million for salaries and 117.9 million for client assistance.

CRT provides the following services at Hartford:

- Food: CRT resource centers distribute up to three days of food for individuals and families. Senior Community Cafes offer lunch to people 60 years or older and their

⁶⁶ <https://www.mutualhousing.org/>

⁶⁷ <http://www.sheldonoak.org/our-commun>

spouses or caretakers. Meals on Wheels are available to seniors who are homebound. The Summer Food provides free meals for children during the summer.

- Health: behavioral health services, Asian family services (clinic that serves Asian-Americans); family opioid education; HIV counseling and medical services; mental health services for homeless at the shelters
- Children day care: two facilities operate ten hours a day at a low fee on a sliding scale based on income.
- Affordable housing: community housing assistance program for individuals and families and youth aging out of the foster care system as they transition to living on their own. Also, CRT has a campus for seniors and grandparents raising grandchildren and four affordable rental housing properties. In addition, CRT provides 100 affordable assisted-living apartments and 12-room handicapped-accessible residence for veterans. Also, CRT provides supportive housing for homeless adults and families where residents live in scattered-site apartments and pay one-third of their income toward rent.
- Shelters: 88-bed shelter for men and 40-bed family shelter in East Hartford.
- After prison: re-entry recovery services
- Youth: Under the Capital City Youth Build program, young people from Hartford, ages 18-24, get paid to develop the skills for success. In addition, on 1/29/2020, U. S. Department of Labor for YouthBuild Job-Training program awarded CRT with \$1.2 million. The program will provide 67 at-risk teens and young adults from Hartford and East Hartford with valuable job skills and training to prepare them for future careers.
- Others: energy assistance, free tax preparation for individuals and families with incomes under \$52,000.⁶⁸

Potential person to interview: Christopher McCluskey, Vice President, Housing and Community Services at CRT (860) 560-5770, mccluskeyc@crtct.org

Community Solutions International is a nonprofit that leads Built for Zero, a movement of more than 80 cities and counties driving down the number of people experiencing

⁶⁸<https://www.crtct.org/en>

homelessness — and proving zero is possible. The developer is completing the rehabilitation of Swift Factory in 2020, located in one of Hartford’s poorest neighborhoods, which will provide quality jobs for residents of the surrounding low-income community. The space will include a commercial food manufacturing kitchen, a food business incubator, community space and non-profit office space. The project financing of \$ 33,946,974 is as follows⁶⁹:

- Tax Credit Equity: \$8,652,677 from Eversource and US Bank
- New Markets Tax Credit Allocations: \$8,360,625 from National Trust Community Investment Corporation, Massachusetts Housing Investment Corporation, Boston Community Capital Public
- Debt Financing: \$7,300,000 from The Capital Region Development Authority, Connecticut’s Department of Community and Economic Development (DECD)
- Federal Grants: \$3,811,240 from U.S. Department of Health & Human Services’ Office of Community Services, The Environmental Protection Agency, U.S. Economic Development Administration
- Permanent Loan: \$3,650,000 from Boston Community Loan Fund
- Pre-Dev Grants & Loans \$1,214,560 from DECD Biz Express, DECD-BMPP Program, Hartford Foundation for Public Giving, Travelers Grant, Private Donor
- Deferred Developer Fee \$957,872

The Local Initiatives Support Corporation (LISC) - is one of the country's largest social enterprises supporting projects and programs to revitalize communities and bring greater economic opportunity to residents. They invest in affordable housing, high-quality schools, safer streets, growing businesses and programs that connect people with financial opportunity. They also provide the capital, strategy and know-how to local partners to get this done. LISC work impacts the lives of millions of Americans in both rural areas and urban centers across the country.⁷⁰

The Hartford LISC program was launched in 1984 with the goal of bringing financial and technical resources to support the local neighborhood initiatives in Hartford. Since 1984,

⁶⁹ <https://community.solutions>

⁷⁰ <https://www.lisc.org>

Hartford LISC has invested \$48 million and has leveraged over \$360 million of community development investment in Hartford neighborhoods.

With the collaboration of many partners, Hartford LISC advances neighborhood revitalization through strategic investment that:

- ★ Increases access to quality affordable rental and owner-occupied housing where residents can stabilize their incomes for the future;
- ★ Improves quality of life by eliminating blight, creating healthy housing and environments, and improving public safety;
- ★ Strengthens opportunity and community connections through resident services, education and engagement; and,
- ★ Advocates for policies and programs that support effective community development.

Hartford LISC is part of a leading national organization with strong local roots. Program staff offer years of experience with in-depth knowledge of Hartford and Connecticut and are able to leverage the resources of National LISC. The Hartford LISC program is guided by the Local Advisory Committee, composed of LISC's funders, investors and opinion leaders.⁷¹

Hartford LISC manages the *Hartford Neighborhood Development Support Collaborative* (HNDSC), a collaborative of 7 local philanthropic organizations, including community, family and corporate foundations. HNDSC seeks to build strong, healthy neighborhoods in Hartford by strengthening Hartford-based CDCs' capacity to create quality affordable housing; expand economic opportunity; and improve the quality of life in neighborhoods through community partnerships and strategies.

Towards these goals, HNDSC provides technical assistance with organizational and neighborhood development; access to training and educational opportunities for CDCs; and operating support grants. Since 1995, HNDSC has provided \$12.2 million in grant support to 11 Hartford CDCs. In December 2017, in an effort to continue and broaden this work, the Hartford Foundation for Public Giving's board of directors has approved a two-year, \$440,000 grant to

⁷¹ <https://www.lisc.org/hartford/about-us>

LISC Hartford to continue the Hartford Neighborhood Development Support Collaborative's mission.⁷²

5.4 Complementary Organizations

Anchor Institutions

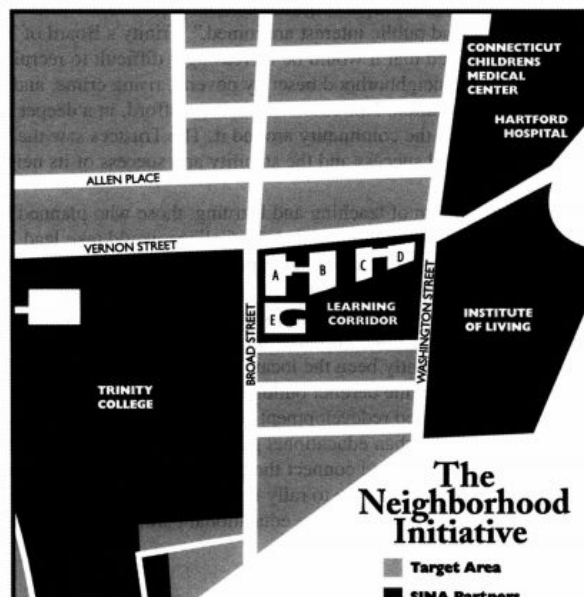
Hartford boasts one of the nation's earliest examples of a multistakeholder approach to institution partnerships. Trinity College, Hartford Hospital and the Institute of Living formed an anchor institution partnership in 1976 to work with neighborhood organizations in the Frog Hollow neighborhood. The Connecticut Children's Medical Center has since replaced the Institute of Living within the Southside Institutions Neighborhood Alliance but the organizational mission remains unchanged. The endurance of this partnership for close to forty years despite multiple changes in executive leadership in each of the member institutions, and the changing financial fortunes of those institutions.

Institution	Time Period	Chief Executives During SINA Membership
Trinity College	1978 to present	9
Hartford Hospital	1978 to present	5
The Institute of Living (a behavioral health medical center)	1978 until 2004. IOL Became part of Hartford Hospital in 1994	3 ³⁸
Connecticut Children's Medical Center	1995 until present	4
Connecticut Public Television	1997 until it moved out of the neighborhood in 2002	1

Additional anchor institutions within the Hartford area include the multiple institutions of higher education. Trinity College has taken a specific lead with regards to development in Hartford and created the Learning Corridor in

⁷²

<https://www.courant.com/community/hartford/hc-ugc-a-col-2017-12-26-story.html>



2000. The Learning Corridor is a 16-acre campus that contains four interdistrict magnet schools: an elementary Montessori school, an arts, science, and math middle school, a high school arts academy; and a high school academy of math and science. In addition to the schools, the area hosts a arts theater, community space, neighborhood family center, and Boys and Girls Club. The area previously was home to a bus garage and later an urban brownfield.

Trinity College leadership primarily viewed The Learning Corridor as a first step in the creation of a regional collaboration between educational institutions. These collaborations called "knowledge corridors" have been established among the 26 colleges and universities between Hartford, Connecticut and Northampton, Massachusetts. In the Hartford Area these include: University of Connecticut, Trinity College, University of Hartford, Goodwin College and Capitol Community College.

Businesses

Outside of education institutions, Hartford possesses a large contingent of manufacturing employers and medical centers that bolster the broad community fabric. Pratt & Whitney and United Technologies are the two largest manufacturing companies in Connecticut and both are based in the Hartford area. These institutions have been based in Connecticut since 1925 and employed generations.

The Central Connecticut area has suffered a decline in the number of manufacturing jobs that mirrors the greater national trends. While the broader community has suffered due to lower wages and a decrease in skilled labor opportunities, companies like Pratt & Whitney continue to employ thousands and maintain the legacy of blue collar labor in the city.⁷³

5.5 Community Groups

Neighborhoods in Hartford hold a particular relevance in regards to social fabric in development. In the past Hartford city government has razed neighborhoods in the name of development and as a result experiences resistance when proposing projects. Coupled with the nationwide trend of cities addressing redevelopment and gentrification after the fact, the Hartford

⁷³ <https://portal.ct.gov/ChooseCT/Why-CT/Key-Employers-in-Connecticut>

government has a tough road ahead. The city of Hartford has been proactive in recent years and began working with neighbourhood leadership groups to address community concerns. Trinity College established the Southside Institutions Neighborhood Alliance (SINA) in 1976 to focus on housing policy, economic development and community health.

Figure: Hartford Neighborhood Map



In 2003, northside institutions formed the Northside Institutions Neighborhood Alliance (NINA) in response to growing revalidation needs in the area.⁷⁴ Aetna, The Hartford, Saint Francis Hospital, and Webster Bank joined to fund and support the community. Since 2003, NINA has worked in the

Asylum Hill neighborhood to rehabilitate properties, helping revitalize the community for Hartford residents and providing vital access to high quality, affordable housing that not only improves the lives of residents but stabilizes neighborhoods and attracts businesses. Since 2003, NINA has rehabilitated 21 historic buildings and constructed 2 new homes, resulting in 36 affordable residential units. This translates into over \$14 million in investment in Asylum Hill.

The financial support from LISC and HNDSC has been the driver which has enabled NINA to assemble the resources necessary to convert blighted homes into affordable homeownership and to stabilize streets across the neighborhood. These neighborhoods groups are just a few of the existing neighborhood coalitions that are working with the City of Hartford government to address the current needs of their community while developing the neighborhood through education, housing and health projects.⁷⁵

⁷⁴<http://ninahartford.org/>

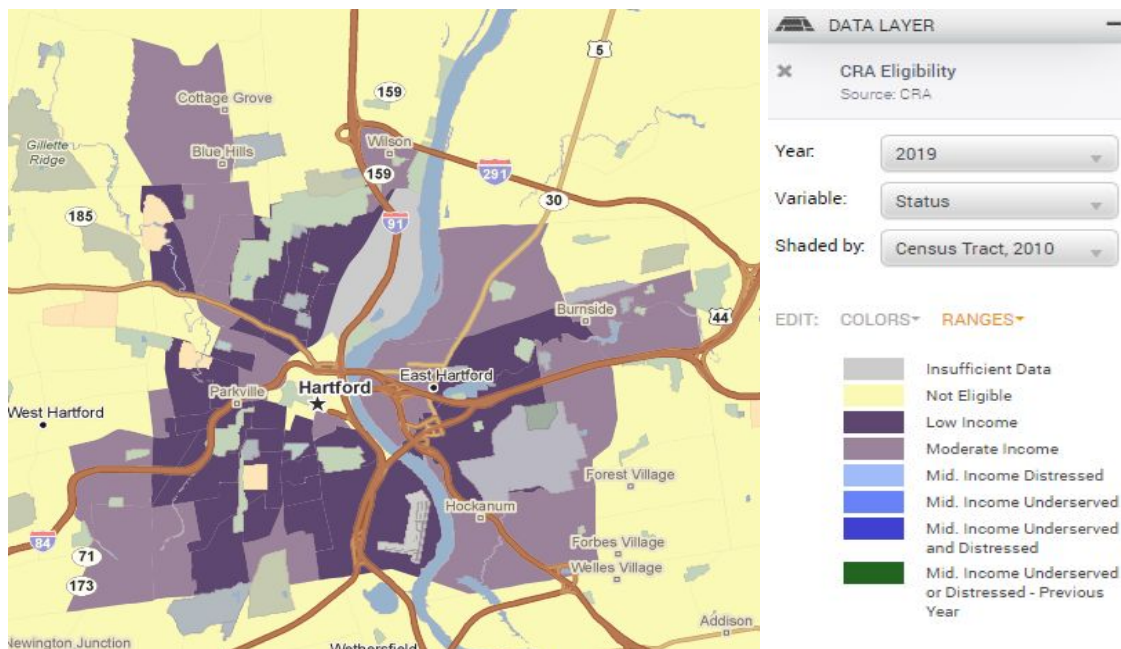
⁷⁵ Sinainc.com, Ninahartford.org

Conclusion

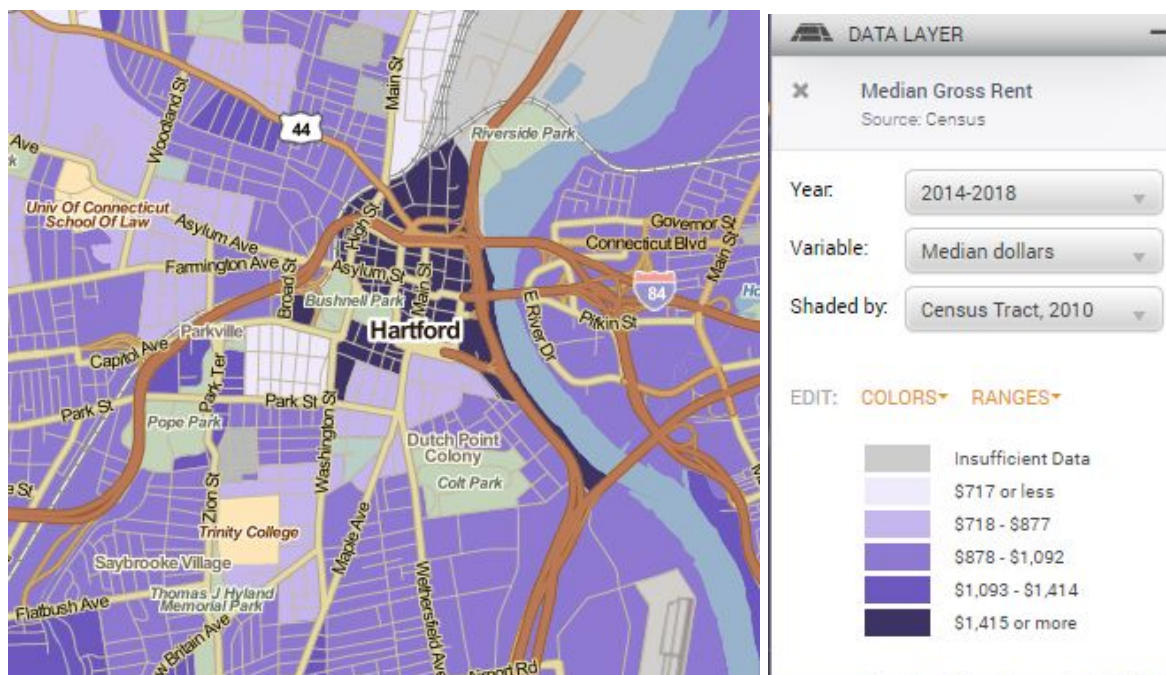
Only a year ago, Hartford was on the edge of bankruptcy, but has since successfully implemented a 5-year recovery plan to bring the city to fiscal solvency. Across the board, Hartford ranks in the lowest percentiles regarding income, poverty, employment, and education, and the result is a city with little civic engagement, limited tax-base, restricted business development opportunities, and meager attractiveness to companies and entities. Hartford's single biggest challenge is a viable tax-base. Hartford must redevelop specific sites that will attract an outside stream and companies, and encourage an organic growth perspective. Because Hartford cannot compete with behemoth cities like Boston and New York City, it must cater to entrepreneurially-driven Millennials seeking an affordable urban lifestyle - emphasis on affordable. Hartford has 2 key factors the younger demographic finds attractive - diversity and affordability. Coupled with convenient proximity to Boston and New York City, with the right incentivisation, Hartford can experience a modern renaissance with a need for more housing coming with Millennial (and future) generations and cost of living in cities like Boston and New York City far exceeding affordable. Hartford needs to expand relationships with regional schools with exceptional international presence like UConn, UMass, and Yale, creating talent incubators and catering to future technologies, and jobs in those sectors. This is all precipitated by improved investment in Hartford schools that also cater to future technologies as well. Lastly, expansion of public transit and targeting high-speed service to Boston and New York City is a must. Hartford must make accessibility a priority above all.

Appendix 1. Additional Population Information on Hartford, CT

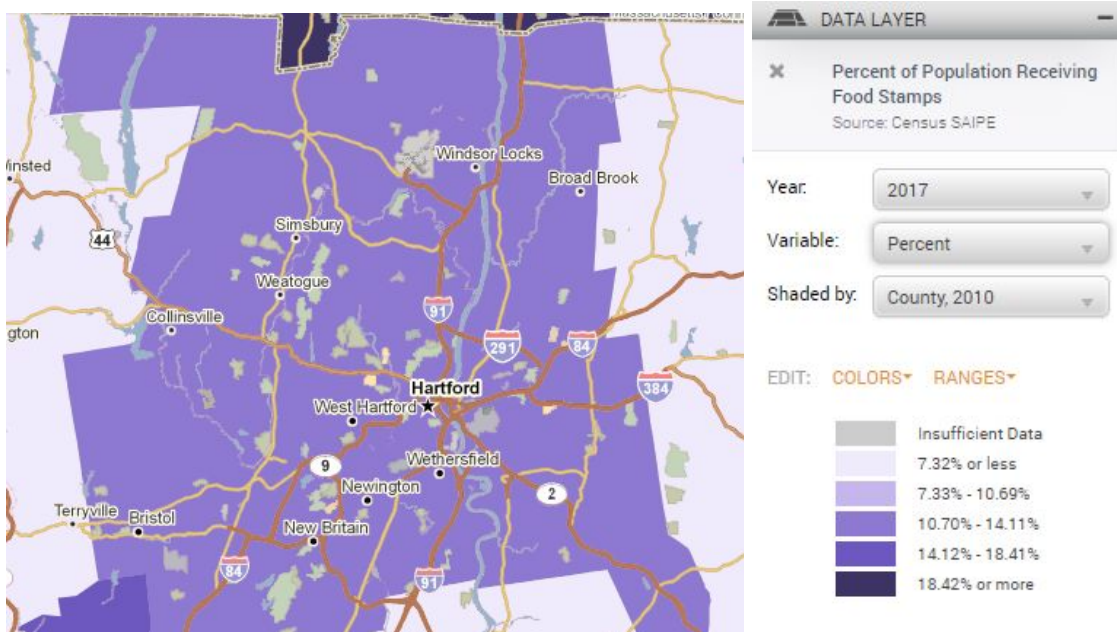
Community Reinvestment Act Eligibility in Hartford



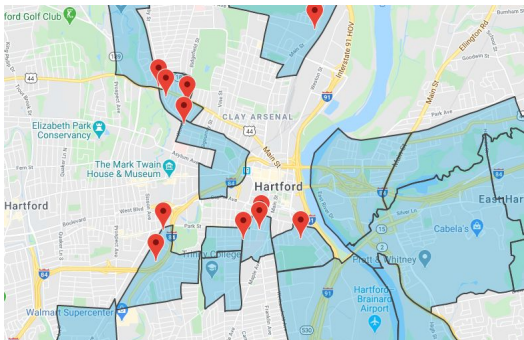
Median Gross Rent in Hartford



Percent of the Population receiving Food Stamps



Appendix 2. List of available OZ projects in Hartford⁷⁶



Contact person for more information and interview about OZ projects:

- Erin Howard, *Director, Hartford Economic Development*, Erin.Howard@hartford.gov, 860-757-9071

- Cowlis Andrews, Program Manager, Department of Economic and Community Development (860) 500-2524, cowlis.andrews@ct.gov

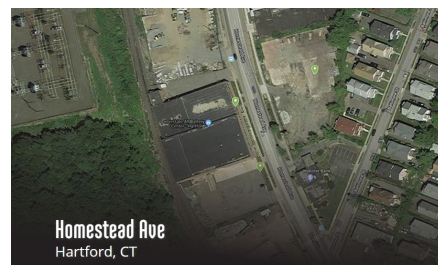
1) ***Park and Main*** - multiple properties (housing and mixed-use development);

- Project size: over \$25 million
- Assessed building value: \$32 million;
- Estimated development cost: \$8 million
- Residential and commercial retail is the project of interest. Shovel ready.
- Spiniker & Freeman companies have a pending parcel acquisition with the City of Hartford for this project. 13 empty lots; 106 residential units are slated.



2) ***Homestead Ave*** - 367/393/424 Homestead Ave

- Type of Real Estate: Industrial
- Type of business project: Advance manufacturing
- Project type: Ground-Up and Mixed-Use Development
- Assessed Building Value: 192100+181400+185300 assessed building value



⁷⁶ <https://ctoormap.com>

- 3.5 Acre site. Shovel ready. The city received 2 million dollars in a brownfields grant for demo and remediation. There is still 2 million dollars work, still needed to remove foundation site and remediation of PCB's from the soil.

3) **Albany & Woodland** - 1137/1161 Albany Ave. & 425/426 Woodland St.

- Mixed use development with banking restaurants, banking, postal services and housing. Shovel ready.
- 7 Summits Realty LLC is the impending developer. Completion slated for 2020.
- Project size: \$5-25 million
- Funding Information:

- Uses \$18,642,645
- Sources \$13,674,297
- NM Tax Credits; JITFunding; 4% LIHTC; Brownfields Grant; CRDA/CHAMP/DECD

- Assessed Building Value: \$26,100

4) **Westbrook Village** - 1150 & 1550 Albany Ave

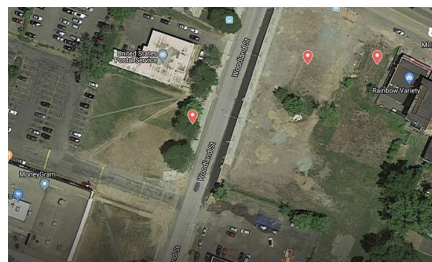
- Type of Real Estate Project: Housing
- Mixed income residential units, grocery store, restaurants, pharmacy, and University of Hartford programs and services. Shovel ready.
- Pennrose Properties is the developer.
- Demo to start Spring 2019 and be complete Fall 2019 and Phase I Starting Spring 2019 and completed Fall 2020. 446 residential units.
- Assessed Building Value: 21839500

- Project Type: Redevelopment or Reuse

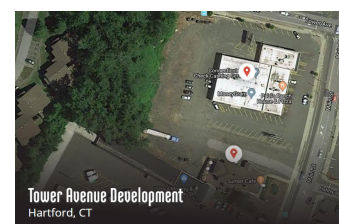
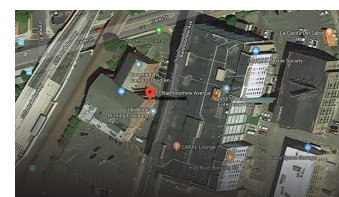
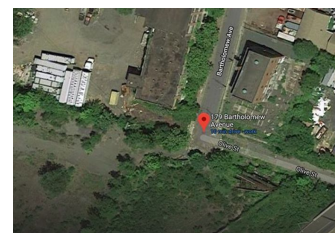
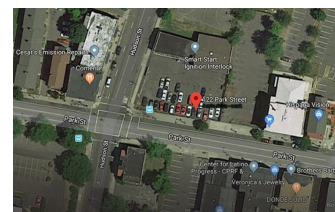
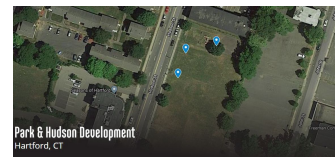
- Estimated project cost \$28 Million

5) **Behind Chrysalis** - 158 Woodland St

- Type of Real Estate Project: Housing
- Former Austin Organ's office building and the City would like to see housing developed at this 40-50 thousand square feet facility.



- Assessed Building Value: \$425,500 assessed building value
 - Entitlements/Zoning: Office
- 6) ***Park and Hudson Development*** - 330, 342, 354, 406 Hudson St
- Mixed Use
 - Types of Real Estate Projects: Housing
 - Assessed Building Value: 318900+210000+208800+56900
 - Project Type: Ground-Up and Mixed-Use Development
 - Project size: \$1-5 million
- 7) ***Park and Hudson Development*** - 108 Park St
- Project size: \$1-5 million
 - Mixed Use
- 8) ***Park and Hudson Development*** - 122 Park St
- 8 residential units
 - Assessed Building Value: 302300
- 9) ***MLK (Workforce Housing)*** - 99 Van Block Ave
- Residential construction
 - 8 residential units
 - Assessed Building Value: 1408000
- 10) ***Parkville I*** - 179 Bartholomew Ave
- Mixed-Use
 - 190 Rental units; Completion date TBC Brownfield issues.
 - Parkville I is in the midst of a revitalization with rental units, a brewery restaurant and food market.
 - The Developer is Carlos Mouta Company.
- 11) ***Parkville II*** - 17 Bartholomew Ave
- 32 rental units and a 400 space parking garage.
 - Types of Real Estate Projects: Mixed-Use, Commercial real estate
- 12) ***Tower Avenue Development*** - 3281/3233 Main St



- Types of Real Estate Projects: Mixed-Use
- Assessed Building Value: 869000+265000

13) *Washington Street/Jefferson* - 224 Washington St


- Types of Real Estate Projects: Housing and Mixed-Use
- Currently is an apartment building that is slated by the owner to become a mixed use office building.
- Assessed Building Value: 141260



Appendix 3. North Hartford Promise Zone (NHPZ)

North Hartford Promise Zone

Second Round



Lead Organization:
Hartford, Mayor's Office

Population:
23,950

Poverty Rate:
49.35%

Unemployment Rate:
27.44%

Key Partners:
United Way of Central and Northeastern Connecticut; Capital Workforce Partners; Community Solutions; Greater Hartford YMCA; Hartford Housing Authority; CT Center for Advanced Technology; Village for Children and Families; Hartford Police Department; Health and Human Services Department; Hartford Department of Development Services: Housing Division and Economic Development Division; Metro Hartford Information Services (MHIS)


Contact:
Thea Montanez
tmontanez@nhpz.org

The North Hartford Promise Zone (NHPZ) encompasses 3.11 square miles and includes the neighborhoods of Clay Arsenal, Northeast, and Upper Albany. The NHPZ has alarmingly high rates of unemployment, violent crime, and food insecurity. In addition, the area is marked with several blighted commercial and industrial sites. It is also one of the poorest in the country. The zone's average per capita income is \$12,099 and only 38.3% of residents have a high school degree.

The North Hartford Promise Zone's sharp socio-economic decline began after WWII with the construction of Interstate 84 which effectively divided the City in half and isolated the NHPZ from the economic activity of the downtown.

Under the executive leadership of the Hartford Mayor, the City is working in partnership with business, foundations, municipal and regional planning organizations, and the City's own resources to advance neighborhood revitalization and create a safe prosperous future for residents. As part of these ongoing efforts, the North Hartford Promise Zone identified the following six goals to improve the quality of life and accelerate revitalization.

- Create Jobs
- Increase Economic Activity
- Reduce Serious And Violent Crime
- Improve Educational Opportunities
- Improve Health and Wellness
- Improve Home Ownership And Rental Housing Assistance Programs

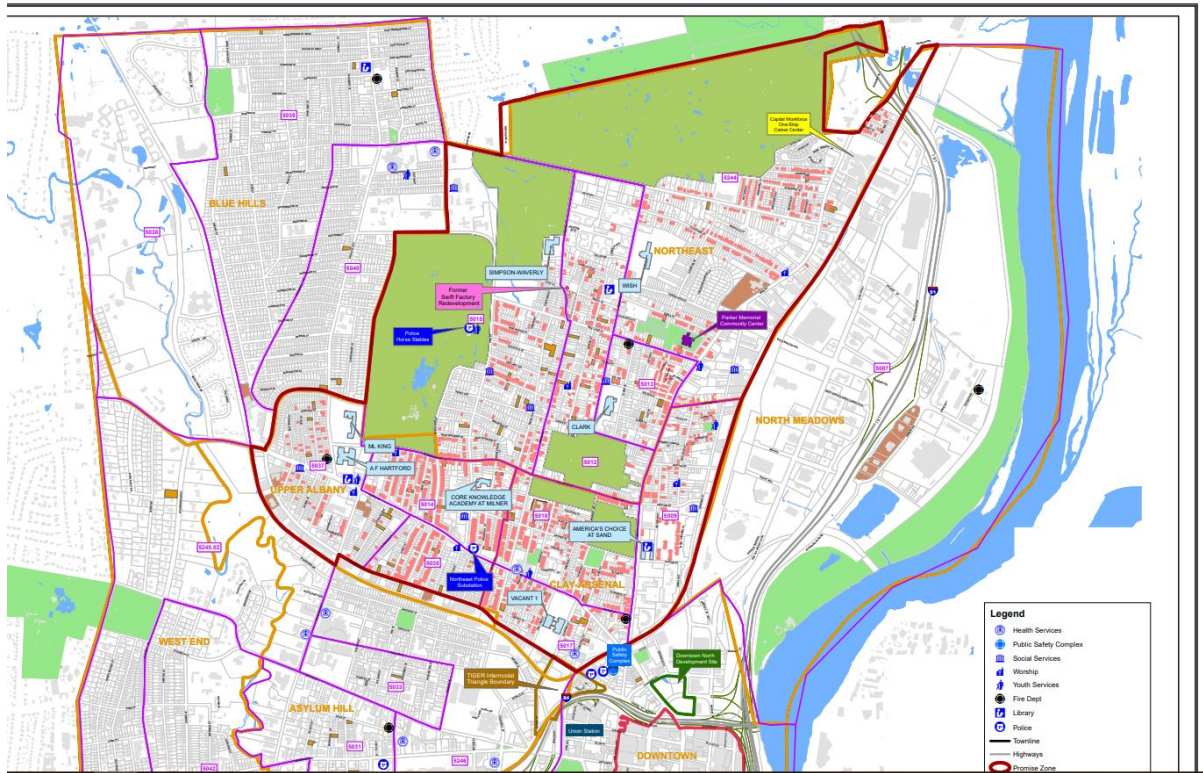


"I am committed to making Hartford one of America's best capital cities. To accomplish this goal, all of our neighborhoods must be vital and healthy."

Pedro E. Segarra, Hartford Mayor

Appendix 3. North Hartford Promise Zone (NHPZ)

Map 77



http://www.hartford.gov/images/DDS_Files/Econ_Development/PromiseZoneNeighborhoodsCensusTracts_30x42.pdf