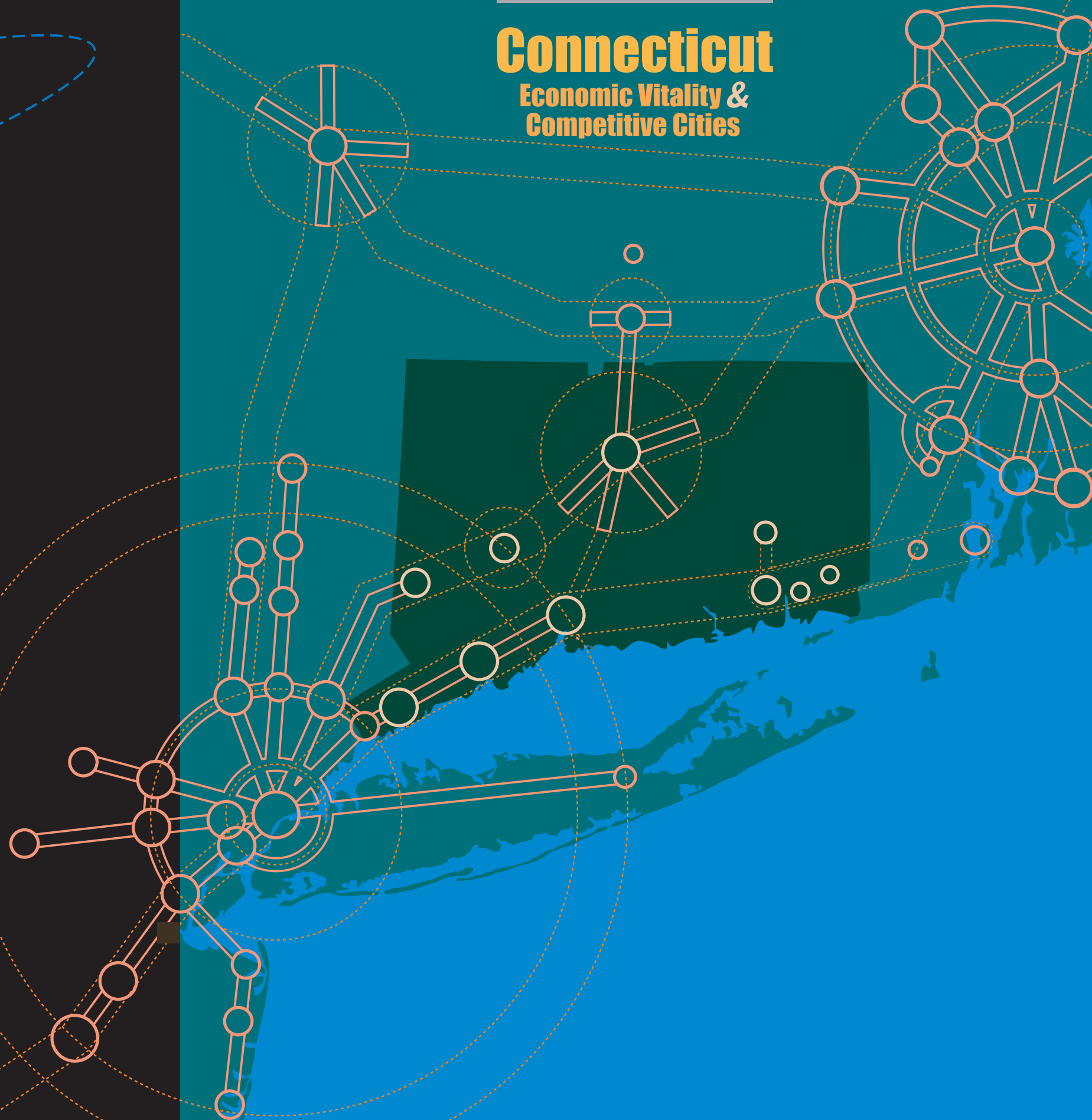


# Connecticut

## Economic Vitality & Competitive Cities



**THE MISSION:** The Connecticut Regional Institute provides continuing opportunities for its members and other organizations to understand and discuss economic activity in the state and obstacles to its success. In 1999, the Institute released a significant study commissioned from the firm of Michael Gallis & Associates, Inc. entitled "Connecticut: Strategic Economic Framework." The study defines the real-life economic markets and movement of people, good, and ideas in the region, the nation, and the world.

The analysis in the Gallis study serves as a means for Connecticut residents to:

- develop a stronger network among private and public sector leaders and a leadership structure effective in keeping this region competitive; and
- Identify issues of inter-regional scope and opportunities to strengthen the state and each of its regions as premier places to live, visit, and work.

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2006

A report of the Connecticut Regional Institute for the 21st Century

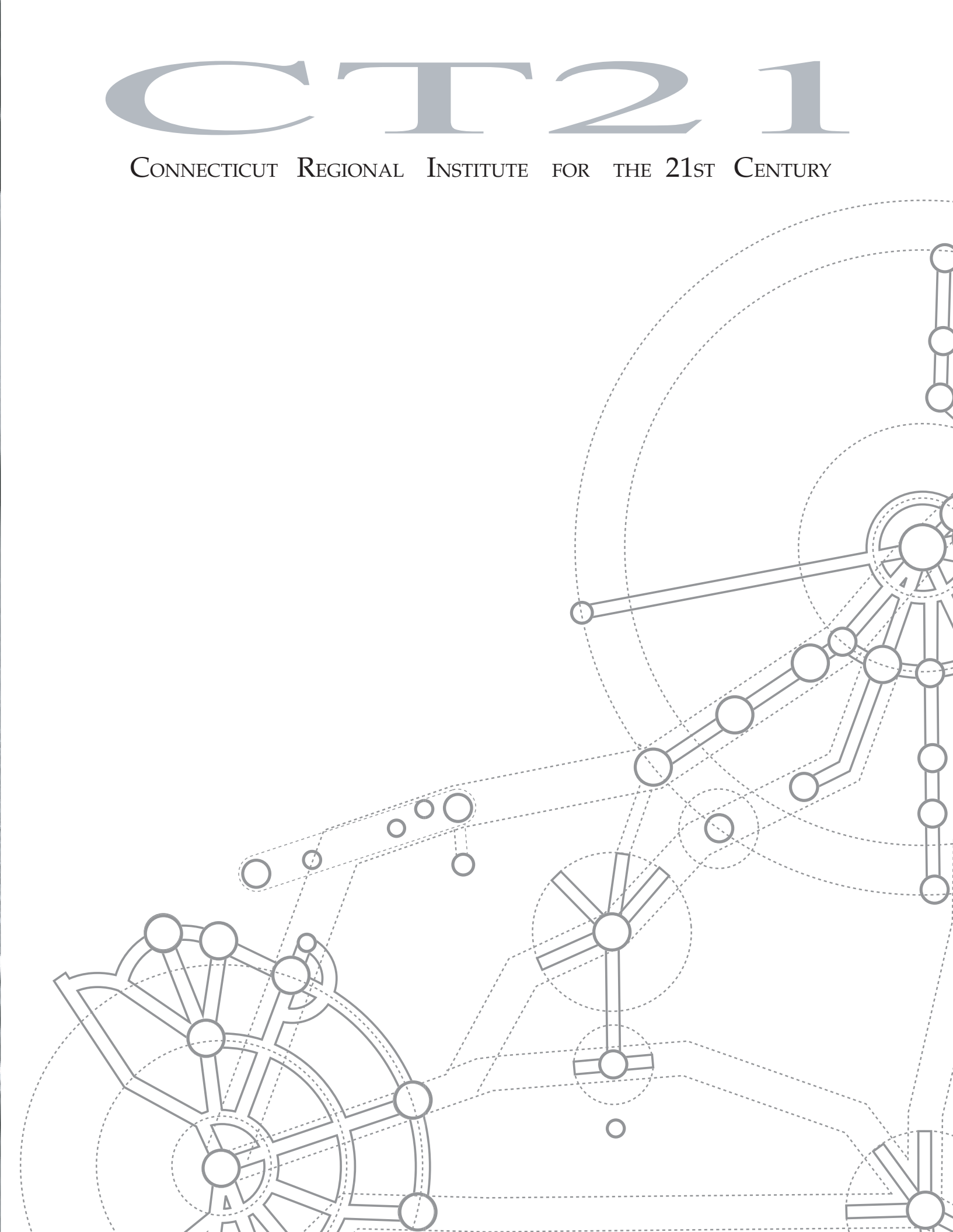
# CT21

CONNECTICUT REGIONAL INSTITUTE FOR THE 21ST CENTURY



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## Economic Vitality & Competitive Cities

September, 2006

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Business Council

Business Council of  
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# Introduction

**R**estaurants are opening in downtown New Haven, downtown housing is booming in Hartford, and Bridgeport will have over 2,000 market rate housing units under construction by the end of 2006. These are but some of the positive signs after years of urban decline and disinvestment. Yet these indicators of improvement mask the deep economic and fiscal problems facing the state of Connecticut and most of its cities.

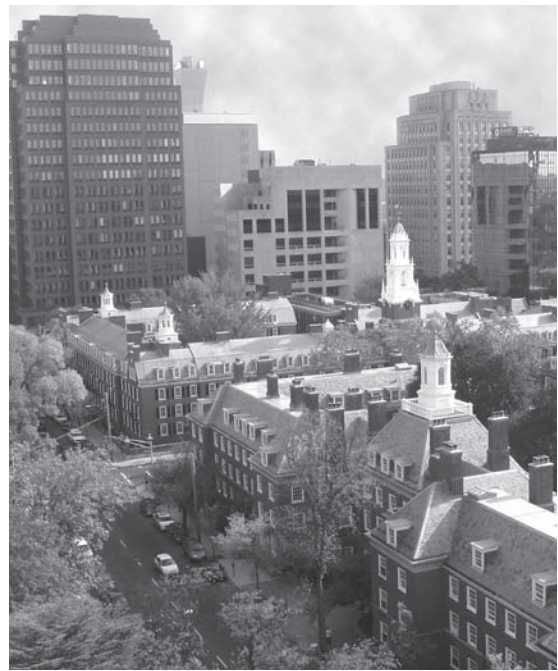
Since 1990, Connecticut has been relatively stagnant compared to most other states and many regions of the world. In terms of the number of businesses, Connecticut has had no real growth since 1990, while the Northeast has seen modest growth and the nation as a whole has seen stronger growth.<sup>1</sup> To address the state's long-term economic future, the Connecticut Regional Institute for the 21st Century (Institute) partnered with Michael Gallis and Associates in 1999 to produce a milestone report titled *Connecticut: Strategic Economic Framework: Defining the issues, relationships and resources necessary to compete in a global economy*.

The *Strategic Economic Framework*, widely known as the "Gallis Report," stated,

***"A new strategic framework is needed to define the basic structure, relationships, and linkages that drive the pattern and location of economic activities. A strategic framework can provide the context for policy, planning and investments to guide statewide development in the emerging global age."***

The *Strategic Economic Framework* report served as a stimulus for statewide debate on transportation challenges in Connecticut. It warned that the state could become an "economic cul-de-sac" if systemic, significant investments were not made to update an overburdened and disconnected system.

The *Framework* report and its reverberations led to the creation of the Connecticut Transportation Strategy Board (TSB). The TSB work resulted in legislation in both 2005 and 2006 endorsing major investments in transportation, both in highway improvements and in mass transit. The



New Haven

TSB continues to work to provide a strategic framework for investing in a total transportation system for the state of Connecticut.

After the initial emphasis on transportation, the Institute studied and produced a report in 2003 on Smart Growth & Economic Vitality in Connecticut. That report emphasized the need to jointly consider land use, economic development and transportation policies. Institute land use recommendations are incorporated in the latest revision of the State's *Conservation and Development Policies Plan*. The organization "1,000 Friends of Connecticut" and other groups are actively carrying on the work in this field.

# Driving Connecticut's Competitiveness: Successful, Livable Cities

The Strategic Economic Framework defined the state's metro regions as the basic economic units of the global economy and the hubs of global transportation and communication networks. The report points out that while there has been a shift in population over past decades from cities to suburbs in Connecticut, cities remain important to the competitiveness of the state:

*"Connecticut's major traditional urban and economic centers continue to play an important role in the state's economy. The major traditional urban centers still occupy strategic locations and form the basic anchor points for urban and economic growth in each of the metro region."*

Unfortunately, many of Connecticut's cities continue to struggle. For instance, Hartford, Bridgeport, New Haven, Waterbury, and New Britain comprise 16.5% of the state's population, but account for 44.5% of the state's citizens in poverty.<sup>ii</sup> The unemployment rates for these same Connecticut cities greatly exceed the statewide average and their employment losses collectively from 1980 to 2004 total over 82,000 jobs.<sup>iii</sup>

If it is a moral imperative to find new ways to help these cities succeed, it is also an economic imperative. For example, one of the more disconcerting trends in recent years is Connecticut's decline in ranking among states for college attainment levels. According to the CT Economic Resource Center's Benchmarking Report, Connecticut was tied for first (with Massachusetts) for college attainment in 1990; by 2004 it had slipped to 6th. Raising levels of college attainment in cities will not only help their local economy, it will increase our state's competitiveness.

Our research concludes that Connecticut is a state of small cities and the cities must do well economically for Connecticut to compete in the world. However, cities simply do not have the resources to go it alone to address the challenges being faced today.

We all need to work to make Connecticut cities attractive to people who will live, invest, educate themselves and spend money in their region and state.



Waterbury

*Given the importance of healthy cities to the state's economic future and the formidable challenges faced by many Connecticut cities, it is imperative that we commit ourselves to:*

- *Make our cities a place where people live and work by choice, not necessity;*
- *Recognize and build upon the state's unique urban characteristics and current urban conditions;*
- *Lay out a bold vision to strengthen Connecticut's cities as regional economic assets and as places of opportunity for all;*
- *Build on cities' competitive advantages to attract and retain economic activities;*
- *Commit to providing current urban residents with the skills needed for success;*
- *Replace state policies that create serious barriers to urban economic health; and*
- *Engage, coordinate, and align actors at all levels in service to these goals.*

## New Strategies for Livable Cities



*Waterbury*

We believe that there are two core goals for Connecticut's cities. First, cities need to attract and retain the middle class, young people, and newcomers, who may currently find Connecticut cities unattractive but at the same time are priced out of many suburbs. These people bring the capacity for talent and learning that will make creating jobs in these cities an attractive option for employers.

Second, cities need to change while also enhancing opportunities for current residents to raise their economic status.

This report recommends that Connecticut reshape its traditional project-based economic development focus to one that encourages the creation of attractive, livable cities as its foundation. Such a venture calls for greater emphasis on new and rejuvenated housing, safer neighborhoods, quality schools, and better city-suburban transportation, all of which will lead to job creation. Government leadership—state, local, and regional—and private advocacy are essential to achieving this vision.

If we want to continue to sustain change over time, we need to measure the results of our action and to learn from these results. The Institute is concerned that Connecticut does not have a "performance culture" that focuses on goals, strategies, careful measurement of out-

comes and learning from results. This lack has allowed problems to exist over time with no accountability for our inability to effect change.

One powerful tool to employ in achieving livable cities is a system of indicators. Citizens and their governments can use indicators and benchmarking to facilitate local, regional and statewide dialogue. A benchmarking process can provide important comparisons to help establish and measure priorities for investment of public resources, as well as how to track progress on these investments. We will speak more about government performance later in this document.

Because about 90% of Connecticut residents live in or near cities, the Institute believes that our state cannot be competitive if our cities are not competitive. This report is intended to focus the attention of Connecticut's citizens, elected officials, and business and institutional leaders on a new competitiveness strategy, one that reconsiders urban policy with a new focus on "livability."

This report is the result of collaboration between the Institute, Mt. Auburn Associates, Inc., and the Connecticut Policy and Economic Council, particularly Mike Meotti, President of the Connecticut United Way and former economic consultant and former state legislator.





# What is a Livable City?

*The rapid integration of the global economy will be among the most critical factors shaping the viability of urban economies in the U.S. during the coming decade. Investment will flow to—and exports will flow from—those cities that provide better educated and higher skilled workers, globally linked infrastructures, and flexible and responsible public and private organizations.<sup>iv</sup>*

**W**hat should a livable Connecticut city look like? Some may say that it is a place where diverse residents can meet their vital needs without an automobile, while others see a place where those who live outside the city come for amenities not available in their towns.

Connecticut citizens and policymakers must reach a common understanding of what constitutes urban success, consistent with the state's unique urban issues and challenges.

Outcomes in these three areas—place, people, and payroll—will shape the future of Connecticut's cities and determine their contribution to the state's economic strength. Because they are closely related, success in all three areas is mutually reinforcing. Conversely, lack of progress—in one area will dilute progress in the others.

*Successful cities make the most of three central features:*

- 1. **Place:** high quality of life that makes cities places of choice for residents or businesses with other location options;*
- 2. **People:** skilled, productive people to fill jobs, create new enterprises, and actively participate in civic life; and*
- 3. **Payroll:** a strong level of local and regional economic activity that generates jobs and the local tax revenue necessary to support good schools and other high quality public services.*



Bridgeport

# Place

## Place

Successful cities are locations of choice, not of last resort. In the new knowledge-based economy, people are a city's main economic asset. What draws them to a city and keeps them there is quality of life. Despite increased preferences for urban living across the socioeconomic spectrum, many Connecticut cities are not favored by people who can choose where to live. Equally disturbing, many lower-income city dwellers choose to move to suburban locations once they have stepped up the economic ladder into the working and middle classes.

Yet, some Connecticut cities do offer a high quality of life and others are improving. Connecticut cities can appeal to people looking for the amenities of large city life, with more livable scale and lower costs. In addition, Connecticut cities need to build on their substantial assets such as Bridgeport's location as a transportation hub, Hartford's excellent housing stock and New Haven's world-class university.

Capitalizing on these advantages will require action on a number of fronts: 1) creating livable neighborhoods and lively downtowns; 2) developing a rich and varied cultural life; 3) improving public safety; 4) supporting healthy and environmentally-friendly living; 5) delivering effective and efficient government services; and 6) providing opportunities for active civic participation.

## Livable Neighborhoods and Lively Downtowns

Neighborhoods are home base for city residents and the core of strong communities. At the same time, however, lively, attractive, and well-maintained downtowns are essential to capitalizing on cities' roles. Downtowns are a focal point for commercial, cultural, and civic activities and are increasingly popular as residential areas. Successful downtowns are centers of community life, with activities that make them a magnet for people throughout the day and week, and a source of civic unity and pride.

Unfortunately, attention to revitalizing downtowns sometimes comes at the expense of neighborhoods. Downtown and neighborhood revival must occur in tandem in order to offer sufficient choices of housing and living environments. Successful Connecticut cities will undertake neighborhood revitalization programs that include incentives for housing investment and homeownership, interesting neighborhood commercial districts, and investments in public infrastructure and public safety.

## Rich and Varied Cultural Life

Urban cultural activities play a dual role as economic drivers and contributors to quality of life. Cities attract interest through a culture of diverse arts and entertainment amenities. Successful Connecticut cities will support all manner of cultural activities, from established, high visibility institutions that attract suburbanites and tourists to edgy experimental artists and grassroots cultural organizations that enliven the cultural tapestry.

Successful cities reach out to newly-arrived groups to incorporate their cultural heritage into the cultural mix and make culture open to all. Public support for cultural activities can include marketing efforts, making city facilities available for cultural use, and investing in community performance space or artist live-work space.

## Public Safety

Fear of crime, whether perception or reality, plays a significant role in urban disinvestment. Successful Connecticut cities will redouble their efforts to address crime problems and create a climate of safety and security. This may involve innovative policing techniques including concentrated enforcement and community policing, support for volunteer neighborhood crime watches, and improved functioning of the court system. In partnership with the state, successful ex-offender reintegration programs could not only prevent the public costs of a high recidivism rate, but could also lower poverty rates and strengthen our state's workforce.

Public safety programs should also focus on prevention programs aimed at youth, including youth recreation, after school education and jobs programs, and high school dropout prevention programs.



Hartford



Hartford

### Healthy Environment-Healthy Lifestyle

Individuals who prefer an urban lifestyle often are environmentally and health conscious. This is particularly true of the educated, upwardly mobile young adults much sought after by innovative companies. Successful Connecticut cities will attract these coveted workers by leveraging environmental and health advantages.

Many parts of our state have unusually high traffic congestion, air quality problems and related health problems. In light of this, cities with public recreational facilities and programs, recycling programs, and environmentally friendly alternatives to automobile ownership, including pedestrian-friendly traffic management, bicycle routes and parking, environmentally friendly transit vehicles, and parking spaces for short-term car rentals, could reap rewards.

Hiking and biking trails are among the most desirable amenities for these residents, but combined with the aforementioned strategies, could result in cleaner air and more opportunities for better health, which could lead to a lowering of asthma and hypertension rates among the cities' residents.

### Efficient and Effective Government

People and companies with location options take into account the integrity and effectiveness of government when deciding where to live. They want to know what their government is doing, feel confident that tax dollars are being spent wisely, have opportunities for input into government decision-making, and have real choices in the electoral process.

Government officials and political leaders in successful Connecticut cities will recognize the importance of transparent, cost-efficient, and responsive governance, and will act accordingly. They will hire highly competent, non-political public managers and institute rigorous management procedures. They will set high standards for the delivery of basic public services, institute mechanisms for measuring and improving performance, and maximize the productivity of the municipal workforce through technology and efficient work organization. They will make it easy for citizens to obtain information, conduct government transactions, and participate in government decision-making. Price and performance of public services, in short, are very important to livable cities.

### Strong Civic Culture

People with location choices value opportunities for participation in civic life. Successful Connecticut communities will have a civic culture and institutions that welcome newcomers, provide opportunities for participation in volunteer civic activities, and cultivate new civic leadership. Civic culture can also be a source of resources from the private sector to get things done and provide funds for infrastructure and amenities.

A strong business community can help with resources and leadership. Development of new leadership is particularly important given the loss of traditional corporate sources of leadership as Connecticut-based corporations have merged or relocated. Cities need to reach out and welcome young people into active civic engagement.

# People

## People

For cities striving to compete economically, people make all the difference. Much attention is paid to the need for cities and regions to attract highly mobile, highly skilled professional workers. Yet addressing the skill deficits of the existing urban workforce is of comparable importance and is more difficult to tackle. Most Connecticut cities suffer from underutilized human capital that hinders efforts to develop and retain high value industries and high quality jobs. The poverty that accompanies chronic joblessness imposes a host of social and fiscal costs on Connecticut's cities that further undermine the business environment.

It goes without saying that addressing urban poverty is a moral imperative. However, it is also an economic imperative. Connecticut can no longer succeed with a large part of its human capital base untrained. The importance of utilizing this segment of the workforce will only grow with the impending workforce shortage due to baby-boomer retirements. There are many successful models.

If this urban skill deficit can be addressed, not only will better trained workers be a draw for employers, better paid workers will generate important social and fiscal benefits by reducing demand for public services, stimulating housing investment, adding to the municipal tax base, and increasing civic participation.



Stamford

The issue of immigration is an important factor. Connecticut is experiencing an influx of both highly skilled citizens and those with lower skill levels. Immigration creates both new opportunities and new challenges for the state, its regions, and its cities.

Focusing on "people" requires: 1) creating high quality and effective urban school systems; 2) supporting skill advancement and career ladders matching areas of occupational demand; 3) embracing diversity; 4) supporting healthy families; and 5) ensuring that urban workers have the mobility to reach jobs across their regions.

## High Quality Public Schools

The state of Connecticut's urban school systems have, perhaps more than any other factor, been responsible for driving working and middle class families with P-12 age children out of cities. They have also deterred families from moving into cities. Parents seeking high quality education for their children have looked instead to suburban communities, which has likely driven up housing costs in those communities.

Skill-building efforts targeted to the urban poor start with creating a high quality P-12 public education system. Adults who have graduated high school without basic skills face formidable challenges, and those who dropped out of high school face even higher odds. Far too much spending in the workforce system is devoted to remedial education, and too often these efforts fail. Forty-percent of our future workers in 2020 live in core cities.<sup>9</sup> Connecticut cannot continue to provide a world-class workforce if these potential workers do not have the necessary skills.

Attacking the problem of public school quality is critical to attracting working and middle class families and to providing economic opportunity to low-income urban dwellers that do not have the choice to leave. This double imperative makes the success of Connecticut cities heavily dependent on turning around their public school systems.

The poor state of many of Connecticut's urban schools and the history of failed efforts to improve them underscore the difficulties in meeting this challenge. But it simply must be done if Connecticut cities are to succeed economically.

Many pieces must be put in place to achieve a culture of achievement and a successful education system. These are likely to include:

- Adoption of state education funding formulas that recognize the limited fiscal capacity of urban school districts;
- Reform of current governance structures, with accountability for state funds granted to local districts and higher performance standards and accountability;
- Increased quality of teaching through improved recruitment, training, and compensation structures;
- Experimentation with innovative school structure and management, including applying charter school models with well-documented successes to other public schools.
- More emphasis on the pre-kindergarten level, as it is commonly recognized that investments at this level will yield great results;
- More urban magnet schools to attract a socio-economically diverse student body;
- More after-school, remedial, counseling and dropout prevention programs;
- Greater parental engagement and more involvement by the business community; and
- Improved linkage and curriculum alignment with the postsecondary system.



Waterbury

## Developing the Workforce: Skill Development and Career Ladders

While a high functioning P-12 system is the only long-term solution to the urban "skills gap," efforts must continue and intensify to help the low-skill adult population improve their employability and move up the job ladder. Such efforts should include:

- Developing better labor market information to assess occupational skill demand and steer training resources to high-demand occupations;
- Improving and expanding remedial and occupational training with particular focus on more effective use of community colleges;
- Strengthening partnerships between employers and training providers to develop employer-responsive occupational training programs;
- Strengthening support for job retention and career advancement;
- Increasing attention to the education and training needs of the growing population of immigrants, including more employment-focused ESL programs, and helping to transfer skills gained in home countries to local employment; and
- Customizing workplace training that integrates remedial teaching and occupational skills training.



New Haven

# People

## Access to Jobs

Increasing the employability of low-skilled urban workers also means improving access to jobs. Labor markets are regional in scale. Middle and upper income suburban workers have transportation options that allow them the choice to live in one community and work in another. Lower-income urban workers, many of whom do not own automobiles, need greater mobility to increase their employment choices.

Today the state's transportation infrastructure has two major purposes: 1) to move people to and from major urban centers, such as New York City; or 2) to move people from one city or town center to another. Neither of these helps an inner city resident get easily to a job in a suburban campus.

Creating transportation options to maximize employment choices will require regional transit systems that provide flexible, cost-efficient access to suburban employment sites, incentives to encourage employers to supplement public transit services, and help for workers to purchase and operate their own vehicles.

## Embracing Diversity

A successful city is a diverse city. Connecticut's cities cannot be the home to only the poor and wealthy, the old and young, or racial and ethnic minority groups. Successful Connecticut cities need to encourage permanent residency by those of all backgrounds, in an environment of tolerance. They will recognize the contributions of all groups to the health and well being of the city. As companies look to global markets, they emphasize greater diversity in their workforces as an imperative strategy for economic success. Our state's cities have this diversity to offer the business sector.

At the same time, successful Connecticut cities will also work to ensure that success does not destroy diversity. Too often, as cities turn around, those who originally took the risk of living and investing, including new immigrants and artists as well as low-income households, are displaced. These long-term residents should share in their community's success through programs that ensure sufficient affordable housing, employment opportunities, and continued civic engagement.



Hartford



Hartford

## Healthy Families

Achieving successful outcomes for low-skilled workers requires more than skill building. Low-skilled workers typically struggle with a range of personal and family issues that pose serious employment barriers. Among these is lack of appropriate childcare, mental health and substance abuse problems, limited access to healthcare, domestic violence, and criminal records that rule out some jobs and make others exceedingly difficult to get.

Resources to meet these needs are limited and have, if anything, been shrinking as the federal social safety net has frayed and state and local programs have not filled the gap. The decision to allocate additional resources transcends any ongoing debate over personal responsibility versus public obligation. Quite simply, failure to address this issue will condemn a significant number of the urban poor to a lifetime of poverty, with long-term economic and fiscal costs.

Successful Connecticut cities will rise to this challenge, in partnership with state government. In the health care arena, prevention and continuity of care is critical, whether citizens are seeking care through Medicaid, from com-

munity clinics, or from the private health market. Beyond urgent care, there should be a focus on improving citizens' health through collaboration across the system using strategies like electronic medical records.

In addition, cities should find ways to deliver services with the help of community and faith-based organizations that understand and have the trust of these populations. Perhaps most importantly, they will strengthen preventive programs, especially among youth, to support healthy lifestyles and productive life choices.

By mobilizing combinations of governmental, non-profit, and business resources, successful Connecticut cities will help low-income families build financial assets that, along with better jobs, will help them move into the middle class. Initiatives such as financial literacy training, individual development accounts that help with savings for homes or education, and first-time homebuyer programs should be developed or expanded to help low-income families achieve financial security.

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# Payroll

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## Payroll

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The economic growth and evolution of cities is shaped by the dynamic of competitive advantage. Cities have thrived when they carve out distinct economic niches within their regional and national economies. Connecticut cities competed successfully as centers of advanced manufacturing and maritime trade well into the 20th century, but as production, communication, and transportation technologies evolved, their competitive position evaporated. Many of Connecticut's cities have failed to identify and exploit enough new areas of strength to maintain their economic position within a rapidly changing and increasingly global economic environment.

In addition to retaining their traditional edge in retail and manufacturing, Connecticut's cities must develop new areas of competitive advantage and build on their assets.

### Key Roles for Cities

Drawing on these solid assets, there are five interrelated economic roles Connecticut cities can effectively play:

- 1) Centers of learning
- 2) Centers of innovation
- 3) Center of entrepreneurship
- 4) Centers of culture
- 5) Centers of interchange.

#### 1) Centers of Learning

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The role of institutions of higher learning in Connecticut's economic future looms ever larger in global competition on the basis of knowledge and innovation. Some Connecticut cities, like New Haven, Stamford, Hartford, New Britain and New London, are richly endowed with higher education institutions. Higher education is historically concentrated in urban centers because of easy access, proximity to cultural and recreational amenities desired by students and faculty, and relationships with industry and institutions.

Higher education institutions are an important part of a city's economic base. They are sources of significant direct employment and generate additional jobs through their own spending and that of their students, faculty, and visi-

tors. But their economic impacts are even broader. They produce highly skilled graduates who, in some cases, remain to work in local industry or start their own businesses. Their cultural and sports activities attract visitors as well as community residents. Because they are physically bound to the community, they are often willing to make significant investments in local revitalization efforts. And, higher education institutions contribute leadership to civic life.

Successful Connecticut cities will partner with these institutions to maintain a hospitable environment, develop mutually beneficial initiatives, and maximize their local economic benefits.

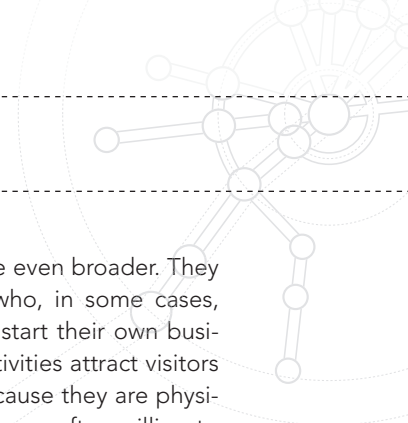
#### 2) Centers of Innovation and Creativity

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Connecticut and its cities have historically been hotbeds of innovation. Connecticut was one of a handful of states that led the nation into the industrial revolution, and Connecticut inventors are credited with major innovations in design and manufacturing. This tradition of innovation spilled over into service sectors such as Hartford's insurance industry.

Connecticut's urban centers can continue to provide fertile ground for innovation. Their universities and research hospitals generate new technologies which are the basis for new enterprises. Cities are also the center of creative activities such as architecture, industrial design, and new media. Cities are the nexus for the set of highly specialized services such as legal, investment, and marketing that help to convert ideas into commerce. Stamford, for example, has many of these supportive services for its corporate community.

Successful Connecticut cities will develop and leverage these sources of innovation. They will strongly support their research institutions and nurture their technological and creative talent. They will encourage business and professional services that support new enterprises and build a self-sustaining culture of innovation. With cities as the incubators of innovation, regions will benefit as companies grow, spin-off new activity, and build new economic clusters.



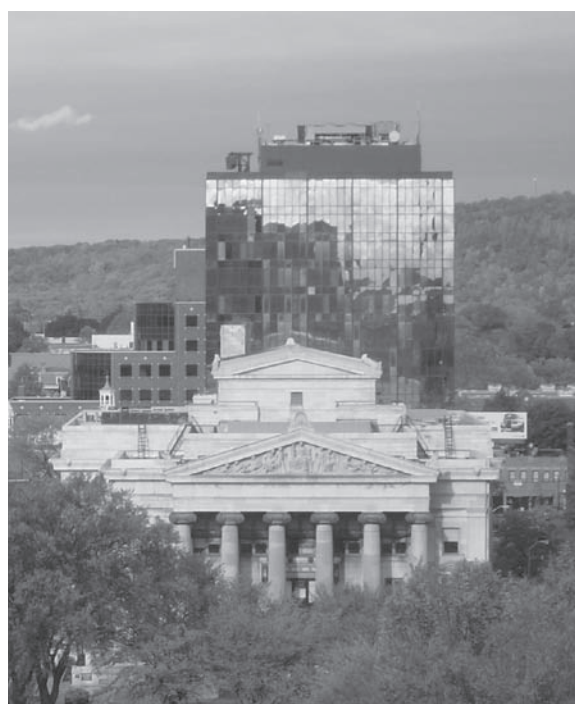


### 3) Centers of Entrepreneurship and Markets for Growth

Technological and creative innovations are not the only sources of new entrepreneurship. Many individuals start businesses to provide products and services. Cities are a particularly hospitable environment for entrepreneurship because of the concentration of business, professional and financial services that fuel and support new enterprises.

Successful Connecticut cities will provide fertile ground for entrepreneurial activities. They will ensure a friendly regulatory environment through measures such as streamlined permitting, with accessible and culturally responsive technical assistance programs. They will provide incentives and support for appropriate real estate development to meet business needs. Franchises and locally created and owned small businesses can be integral to improving the livability of cities.

These cities encourage a self-sustaining entrepreneurial culture. New Haven is a good example of a city that has aggressively sought biotech ventures to partner with higher education resources in the region. This effort has provided an attractive environment for entrepreneurs that is close to private sector biotech companies and allows potential collaboration with science and medical faculty.



New Haven

### 4) Centers of Cultural Assets

Connecticut cities are endowed with abundant historical and cultural assets. Individuals are drawn to cities because of urban cultural institutions and historical sites. Cultural and historical ambiance—compact urban design, architecturally significant structures, and wealth of cultural activities—distinguishes cities from suburban communities and provides an attractive setting for retail and service businesses. This rich cultural life can attract creative talent who value the numerous contacts and work opportunities that stem from large clusters of creative activity. All of these factors draw income, jobs, and investment into the urban core.

Successful Connecticut cities will treat their historical and cultural assets as economic assets. They will find ways to sustain their cultural institutions and creative talent, with support for both nonprofit and commercial ventures. They will put a priority on preserving and restoring historical sites and architecturally significant commercial and residential structures. They will provide incentives for adaptive reuse of old factories and warehouses for artistic activity.

### 5) Centers of Interchange

The important role played by cities as centers of learning, innovation, and culture rests to a large degree on their advantage as settings for direct personal contact. While advancements in telecommunications and transportation enable economic activity across increasingly far-flung locations, there remain highly interactive activities for which direct contact still matters. Compact, densely developed urban centers are ideal locations for these activities. Cities are traditional locales for meetings, conferences, conventions, and trade shows, with their advantages of central locations, large-scale meeting facilities, hotel rooms, and cultural and entertainment amenities.

Successful Connecticut cities will capitalize on their advantage as centers of interchange. They will develop an understanding of the types of economic functions that benefit from face-to-face contact and will promote their central business districts as locations for these functions. And they will undertake transportation improvements that ensure ease of access to their downtowns and ease of movement within them.



# Why Should Connecticut Citizens Care about our Cities?

**H**ow much do cities matter to their regions? Beginning in the 1960s and 1970s, urban theorists argued that national economic changes, well as advances in transportation and telecommunications, were lessening the importance of central cities to regional economies. Today, there is still a popular belief that urban economic conditions occur in isolation, with limited impact on residents and businesses elsewhere in a region. However, there is a growing body of evidence to the contrary.

Studies from the 1970s onward show a clear positive link between economic conditions in cities and the success of their regions. These studies find that income growth and poverty reduction in the central city tend to improve overall regional population growth and incomes. Conversely, high levels of income inequality are tied to lower rates of regional growth.<sup>vi</sup>

## Cities provide vital resources to their regions.

Cities contain important resources for regional economic growth. Cities are home to many businesses, services, education, health and entertainment facilities that are not found in suburbs. Cities are transportation hubs with facilities and services crucial to Connecticut's ability to access world markets and ideas. In short, they are hubs of activity that generate ideas and innovation and attract the human and financial capital to create sustainable wealth.

## Inefficient development is an added expense for all Connecticut taxpayers.

Research indicates that densely developed urban cores generate both economic and environmental benefits. For example, urban density results in greater concentrations of knowledge workers, increasing the exchange of ideas and leading to new innovation and growth. High population concentrations offer economies of scale in delivering certain services, notably educational, cultural, and leisure activities. Compact cities served by efficiently integrated transportation systems have higher productivity levels.<sup>vii</sup>

Conversely, a declining urban core is a primary contributor to suburban sprawl, resulting in wasted real estate, expensive new infrastructure and increased transportation time and costs. It is argued by Professor Elizabeth Warren in her book *The Two Income Trap* that when an urban center has poor quality of life attributes, individuals who would otherwise consider living in the urban center compete for housing in nearby suburbs. In effect, unhealthy urban centers drive up the costs of housing in adjacent communities.

Finally, sprawl also reduces quality of life through environmental degradation and loss of agricultural land. This cluster of impacts results in additional costs on all taxpayers.<sup>viii</sup>



Hartford

The present level of state assistance to cities is an unsustainable cost to all Connecticut taxpayers.

For a variety of reasons, our cities do not generate enough tax revenue to sustain themselves. Significant state resources are directed to providing services, including education, for city residents. Connecticut has increasingly high budgeted costs for Medicaid and other health care programs for residents in poverty and the working poor.

In addition, incarceration costs for residents of these cities significantly affect the state's ability to meet other pressing needs. On June 28, 2006, 51% of those incarcerated in Connecticut prisons were from the towns of Bridgeport, Hartford, New Britain, New Haven, and Waterbury (9,538 offenders of the state total of 18,618),<sup>ix</sup> while those cities' share of the state population is only 16.5%. At an average annual cost of incarceration of over \$29,000, taxpayers across the state are expending a staggering amount for prisons that could otherwise be spent on crime prevention or any other priority.

If cities were better able to cover the costs of services for their residents, state dollars could be used for other purposes such as funding the state's education plan, transit, and environmental enhancement. Instead, the state must spend an enormous amount each year to fix problems that grow out of allowing its cities to be non-competitive. Every taxpayer in the state shares the cost of the failure to remedy issues such as crime, poor performance of urban K-12 public education, and lack of access to health care.



Bridgeport



New Haven

The problems of the cities are spreading to its suburbs.

Recent studies at the national and state levels have focused attention on the inner or first ring suburbs of core cities. A recent Brookings Institute report found: "While first suburbs do retain some typically suburban traits, they are also beginning to take on characteristics normally associated with central cities and other urban places." These first ring suburbs, such as West Hartford, East Hartford, West Haven, Stratford, and others are now beginning to also suffer from growing social stresses and reduced fiscal capacity to address the needs of their populations.

A *Hartford Courant* article by Mike Swift reported: "The mantra repeated for decades in Greater Hartford—that suburbs can't escape the city's problem—may be coming true. Every suburb that borders Hartford...experienced an income drop during the 1990s when inflation is factored in."

Michael P. Meotti, past president of the Connecticut Policy and Economic Council, noted, "What we've seen primarily during the second half of the 1990s is the migration of traditional urban problems to the next ring or next tier suburban communities."

Cities and their regions are highly interdependent. It is increasingly evident that regions cannot thrive without vibrant urban centers. Consequently, regional economic development must incorporate the economic well being of cities and their residents.



Bridgeport

The failure to address poverty in our cities will become an increasing drag on regional economic growth and productivity.

Research points to a number of factors that make reducing urban poverty and skill deficits a regional imperative. Demographic shifts over the next generation threaten serious labor shortages that will require increased education and training of neglected segments of the current and future workforce, notably urban minorities.

The national growth in minority populations, particularly in younger age groups, means that minorities will constitute a dramatically increasing share of the labor force over the next generation. Improving educational opportunities for urban minorities will be critical to ensuring an adequate supply of workers in the regional labor market.<sup>x</sup>

The trans-generational nature of poverty also means that childhood poverty must be effectively addressed if today's poor urban children are to become skilled, productive adults.<sup>xi</sup> Failure to address poverty through education and skill development is linked to lower personal income and home investment, depressing the local tax base and increasing public service costs.

Livable cities have housing opportunities, both for rental and purchase, for a diverse population. Unfortunately, many of Connecticut's cities are unaffordable for most residents when considering the median home prices and median income of residents in those cities. The median income in 2005 for Bridgeport residents, for example, was under \$38,000, yet the median home sales price was

\$252,000.<sup>xii</sup> A recent study by Don Klepper-Smith found that over the past five years, housing costs in Connecticut have risen 63.6% while wages have only risen 18.5%.<sup>xiii</sup>

Not only is the lack of affordable housing for Connecticut residents a problem in and of itself, but the ramifications for our state's workforce are critical as well. Many occupations are vital for cities to function, like police dispatchers, home health aides, auto mechanics, and school bus drivers. If the disparity between housing prices and wages for citizens in our cities continues, the economy of the state as a whole will suffer. According to HOME Connecticut, businesses are beginning to experience labor shortages in some sectors due to the lack of available housing that workers can afford. Many parts of the country have a far more favorable housing affordability picture.

The ability of a region to attract and retain knowledge workers in the future is greatly influenced by the attractiveness of the lifestyle offered by its cities.

Recent research indicates that highly skilled workers are extremely mobile and are disproportionately drawn to cities with lively downtowns and cultural amenity-rich close-in neighborhoods. Demographic trends are expected to increase regional competition for these workers over time.<sup>xiv</sup> A related finding is that high amenity cities grow faster than low amenity cities. Key amenities cited in one study include a rich variety of services and consumer goods, aesthetics and physical setting, good public services, cultural and recreational offerings, and ease of movement.<sup>xv</sup>



# Understanding Connecticut's Cities

*Cities in Connecticut do not just face a fiscal crisis; they have a deeper crisis rooted in market irrelevance and social isolation.*<sup>xvi</sup>

**B**efore deciding which urban policies are most appropriate to ensure that Connecticut's cities are vibrant, livable places, the unique characteristics and current conditions of its cities must be better understood.

## Connecticut's Unique Urban Structure

Connecticut is a state of urban regions. Over 90 percent of Connecticut residents live in the state's six metropolitan areas.<sup>xvii</sup> Each of these regions has one or more urban centers that play important roles in their regional economies.

At the same time, Connecticut's urban characteristics are somewhat unique. Policy prescriptions that have gained popularity at the national level, particularly those targeted to large cities, may not apply in the Connecticut context.

Three particular features of the state's urban landscape are tied to policy making.

## Many Regions—Many Cities

Connecticut has a highly decentralized urban structure. Unlike many other states, no single metropolitan area dominates. For example, Massachusetts, Vermont, Maine, and Rhode Island are identified with a single major metropolitan area. Connecticut has six metropolitan areas, all small by national standards.

In addition, most of these areas have multiple urban centers within them. Partly a function of the state's history, some formerly independent city-regions have melded together over time. For instance, the Hartford metropolitan area also includes New Britain, Bristol, and other "legacy" cities that once had independent economic identities.



New Haven

Connecticut's Metro Areas	
Metropolitan Areas	Population 2004
Hartford	1,094,097
Bridgeport-Stamford - Norwalk	913,722
New Haven	585,346
Norwich - New London	248,877
Waterbury	200,296
Danbury	162,041

Source: U.S. Bureau of the Census, New England City and Town Areas, 2004

# Connecticut's Unique Urban Structure

The following table provides an overview of those cities that are either the core city in their urban region or are "legacy cities" with many of the same characteristics.

Connecticut's Cities				
City	Population 2004	City Type	Urban Area	Part of N.Y. Combined Statistical Area
Bridgeport	139,910	Metro Center	Bridgeport-Stamford-Norwalk	x
Hartford	124,848	Metro Center	Hartford	
New Haven	124,829	Metro Center	New Haven	x
Stamford	120,226	Metro Center	Bridgeport-Stamford-Norwalk	x
Waterbury	108,429	Metro Center	Waterbury	x
Norwalk	84,401	Metro Center	Bridgeport-Stamford-Norwalk	x
Danbury	78,263	Metro Center	Danbury	x
Norwich	36,116	Metro Center	Norwich-New London	
New London	26,174	Metro Center	Norwich-New London	
New Britain	71,699	"Legacy City"	Hartford	
Bristol	61,005	"Legacy City"	Hartford	
Meriden	59,136	"Legacy City"	New Haven	x
Middletown	47,157	"Legacy City"	Hartford	
Naugatuck	31,805	"Legacy City"	Waterbury	x
Ansonia	18,844	"Legacy City"	Bridgeport-Stamford-Norwalk	x
Derby	12,608	"Legacy City"	Bridgeport-Stamford-Norwalk	x
Source: U. S. Bureau of the Census, New England City and Town Areas, 2004				

## Cross-state Economic Linkages

The post-war growth of Stamford and Norwalk exemplifies another unique characteristic of some Connecticut cities, cross-state economic linkages. As described in the *Strategic Economic Framework* report, many Connecticut cities have important connections to large cities outside of Connecticut which influence employment patterns, markets, and economic activity. The U.S. Census includes more than half of Connecticut's core cities and legacy cities in the greater New York City region.

Other cross-state economic ties are also important. Hartford has ties to Springfield, Massachusetts, along the Connecticut River Valley; the cities in the Northeast Corner, such as Putnam, have ties to the Worcester, Massachusetts region; and the coastal cities of New London and Groton are linked to Rhode Island.

## A State of Small Cities

Connecticut's cities are relatively small. Bridgeport, the state's largest city, had an estimated 144,000 residents in 2005. Only four other cities—Hartford, New Haven, Stamford, and Waterbury—have more than 100,000 residents. Smaller cities face formidable challenges. Their economies, especially in mature cities, are less diversified and robust, with concentrations of declining "old economy" industries. Many of their downtowns have declined as retail activity follows consumers into the suburbs. They may experience the same problems as larger cities—poverty, crime, and aging infrastructure—even as the tax base needed to address these problems erodes. And, as businesses and middle class residents migrate to suburbs or other regions, they have suffered a dilution of civic leadership.

Because of their very small size (Bridgeport, 17.5 square miles; New Haven, 18.9 square miles), they cannot physically incorporate all the land uses that occur in larger metro areas, including heavy industry and areas of very high value single-family homes. This, in turn, directly affects municipal property tax revenues. Finally, many of these small cities are providing or attempting to provide the same services within a few miles of one another, multiplying the associated administrative costs.



# The State of Connecticut's Cities Today

## The State of Connecticut's Cities Today

Summary data on Connecticut's larger cities reveal factors that are cause for concern. These include low educational attainment, low household incomes, and high rates of poverty. Income inequality between cities and suburbs is pronounced. Core city housing values, which national studies have found to be highly correlated with amenities and quality of life, are far lower in many urban centers than in the state's other communities. Core cities also have much higher proportions of minority populations than their suburban counterparts.

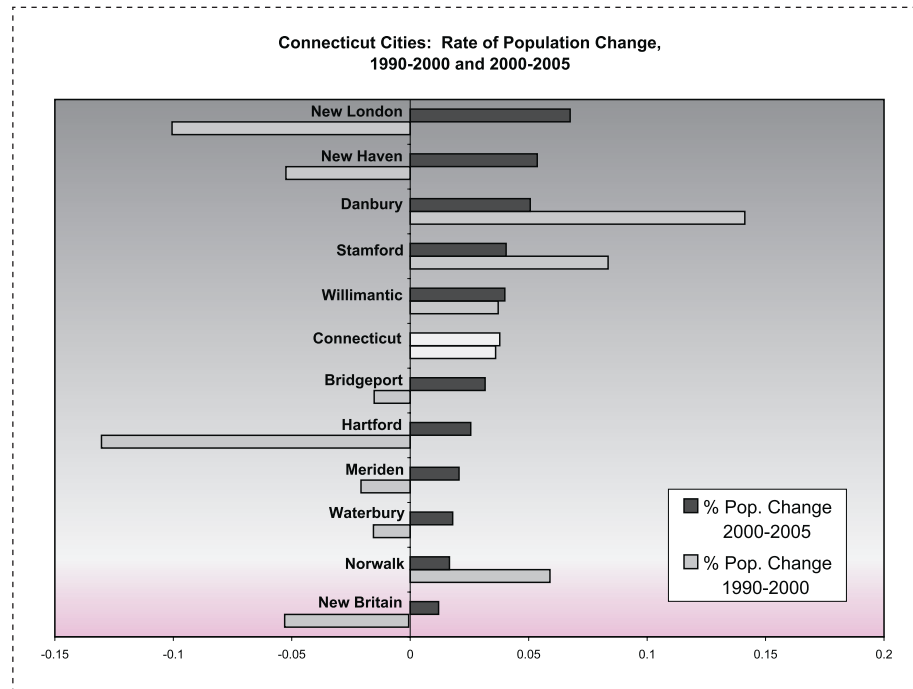
While all of the state's urban centers are facing some level of these challenges, some, such as Stamford,

Norwalk, and Danbury, are generally healthy, while other major cities, including Hartford, New Haven, Bridgeport, Waterbury, and New London, show signs of serious economic distress, with negative implications for their regions. There are some positive signs of reinvestment and economic revival, including mixed-use downtown developments. But conditions in these cities remain cause for serious concern.

In formulating urban policies, state policymakers must know the current state of Connecticut's cities and implications for regional economic performance. The following data tell the story.

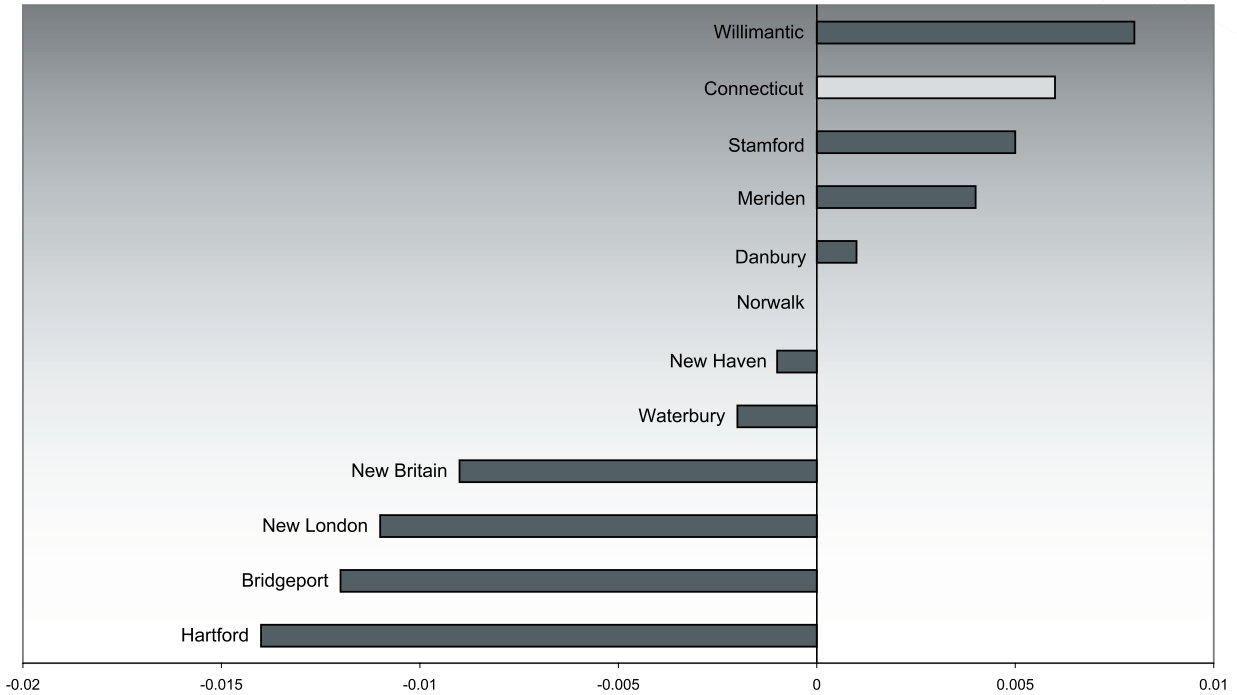
### After years of population loss, Connecticut cities have again begun to grow.

While, in the 1990s many Connecticut cities lost population, since 2000 they have all grown modestly. However, many, including Bridgeport, Hartford, Waterbury, and New Britain, continue to lag average statewide growth.



# Average Annual Employment Growth

Connecticut Cities: Average Annual Employment Growth, 1992-2004



Source: Bureau of Labor Statistics, ES-202 Data Series

Urban employment growth has been tepid and, in most cases, below the state average.



Stamford

# Educational Achievement

## Connecticut Cities: Educational Achievement

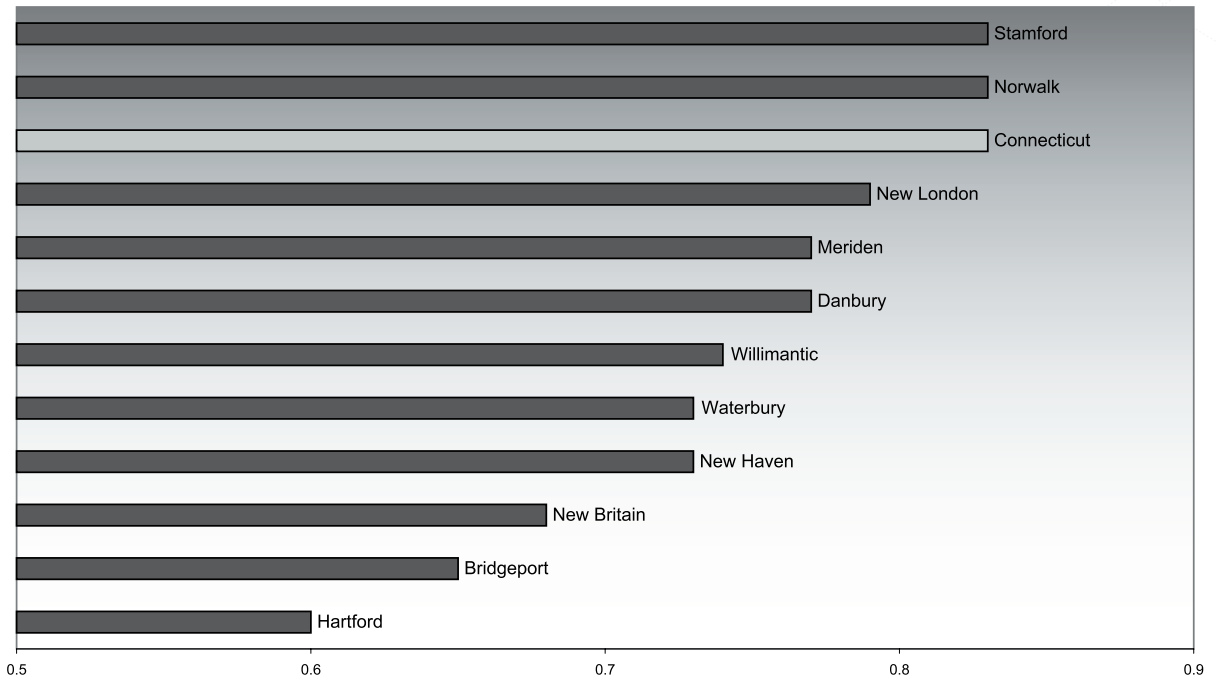
Connecticut is widely known for its strong education system. The state has the top 4th grade reading level in the country, and our SAT scores are eighth in the nation.<sup>xviii</sup> Within Connecticut, however, a significant achievement gap exists, showing on average the children in our urban school districts drastically behind state averages in terms of Connecticut Mastery Test (CMT) Scores.

Connecticut Mastery Test Math, Grade 8, 2004	
District Name	% at Goal
State Average	55.7
Norwich	47.5
Danbury	44.3
Stamford	43.0
Norwalk	39.9
New Haven	22.2
Waterbury	21.8
Hartford	19.9
New Britain	19.6
Bridgeport	18.0
New London	14.8

Connecticut Mastery Test Reading, Grade 8, 2004	
District Name	% at Goal
State Average	64.9
Stamford	60.4
Norwich	60.2
Danbury	53.7
Norwalk	51.7
Waterbury	34.2
New Haven	32.8
Bridgeport	31.5
Hartford	30.8
New London	30.6
New Britain	30.5

# Educational Achievement

**Connecticut Cities: Educational Attainment, 2000; Percent High School Graduates Age 25+**



Source: Bureau of the Census

While high school graduation rates are steadily improving in urban centers, there is a significant achievement gap between the large cities and the state as a whole.

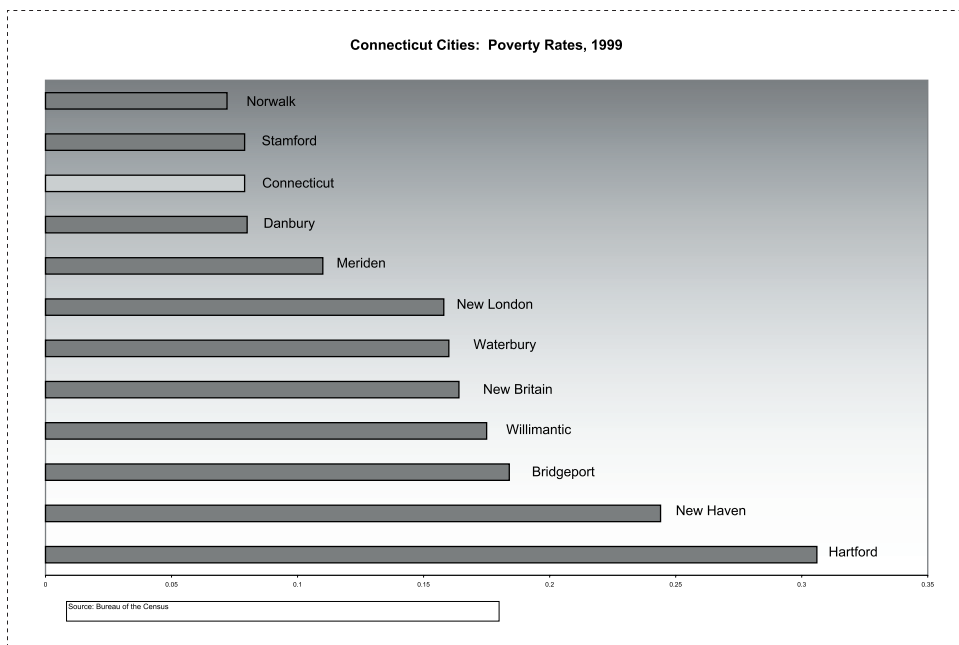


Norwalk

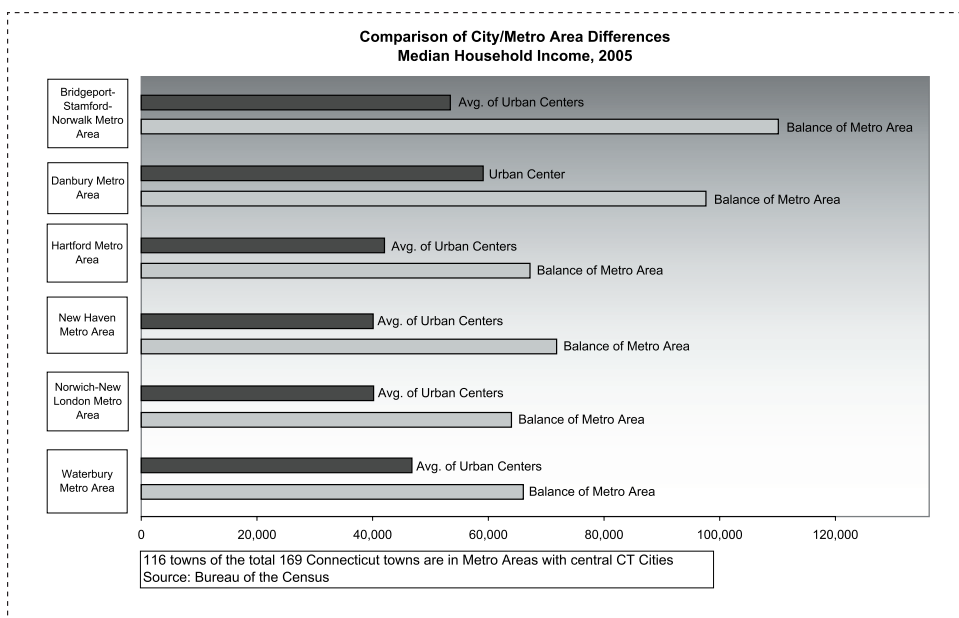


Bridgeport

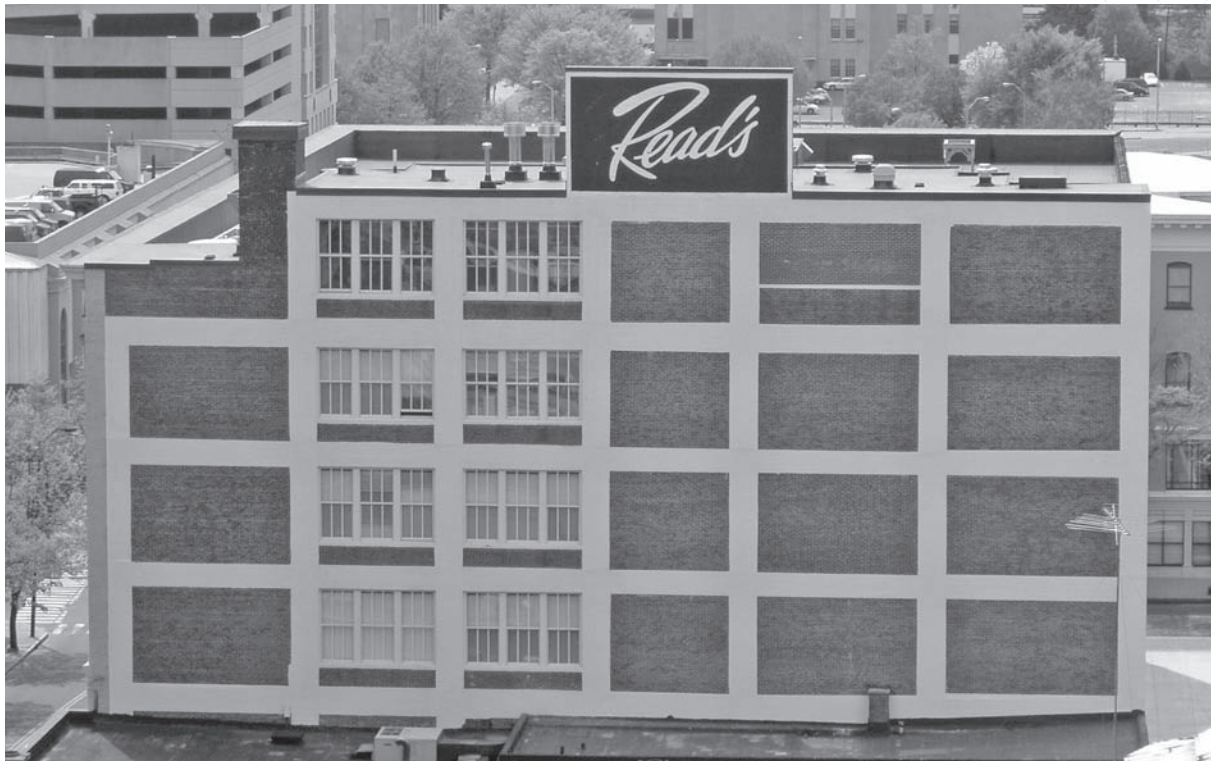
# Poverty Rates & Mean Household Income



The poverty rates in most of Connecticut's largest cities are extremely high. They are also well above the state average, indicating high concentrations of socially disadvantaged populations.



The average income of households in cities is substantially lower than the average income of households in suburban areas surrounding the cities. The pronounced income discrepancy between urban residents and those living in the balance of each metro area is increasing over time.



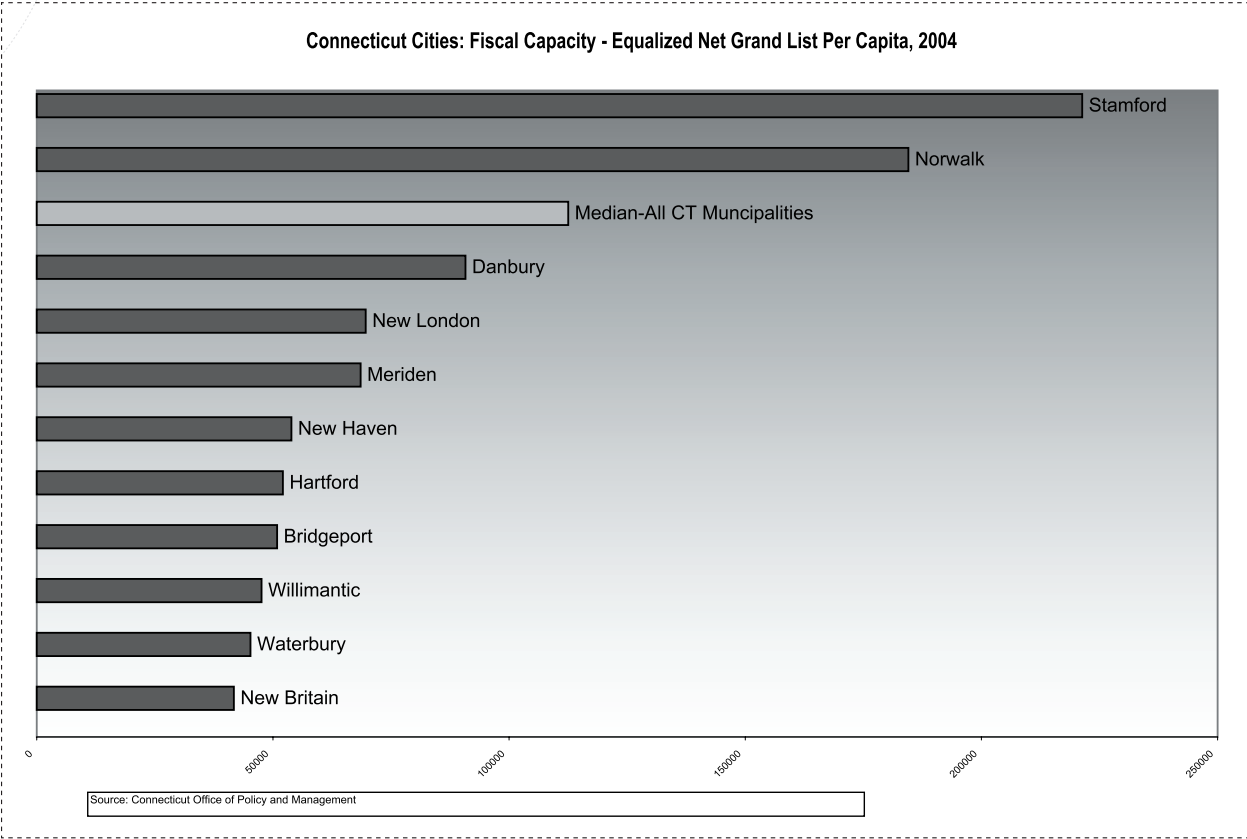
Bridgeport



Norwalk



Stamford



Most Connecticut cities have a limited tax base relative to their population, making funding basic services burdensome. Even in cities with strong downtown economies, business success does not generate municipal revenue, which is limited to the property tax. As a result, tax rates in the cities are considerably higher than the state average even though they may have thriving business and retail centers.



Stamford



Bridgeport





# Barriers to Livable Cities

*Why are so many of Connecticut's cities struggling? A review of the evidence indicates that these cities are burdened with a number of serious handicaps that make achieving economic, social, and fiscal health a formidable challenge.*

## Key Challenges

### Failure to retain and attract young adults

Following high school, many young people in Connecticut's cities leave for college or job opportunities elsewhere and do not return. From 1990 to 2000, Connecticut ranked 47th among the states in population growth.<sup>xix</sup>

Of particular concern is the shrinking 18-34 year age group. During the 1990s, Connecticut had the greatest relative loss in this age bracket of any state, a 23% decline, or more than 200,000 fewer people at the end of the decade.<sup>xx</sup> This problem is more extreme in a state like Connecticut with its smaller cities, where limited career opportunities create little incentive for the youth to return and put down roots.

In addition to losing their homegrown young people, smaller cities are at a distinct disadvantage in attracting a new generation of young adults with energy and talent. Young people move to two types of cities: growing cities in warm climates in the west and south, and large cities that offer a vibrant urban life.

### Loss of the middle class

The core cities face serious barriers in seeking to expand their property tax base. Not only do they lack the greenfield areas to support new development and tax revenue, but they also bear the burden of many tax-exempt properties. These limitations on fiscal capacity, combined with the increased public costs associated with high concentrations of poverty, have made funding public services increasingly difficult, with particularly negative implications for urban school systems. This, in turn, has led to a further outflow of middle class families who can obtain better education and housing with lower tax burdens in outlying suburban communities.

### Erosion of infrastructure

Because Connecticut cities experienced most of their development in the 19th and early 20th centuries, they are burdened by older, outmoded transportation and utility infrastructure. The environmental legacy of contaminated waste left behind in old industrial "brownfields" either adds another disincentive to private investment or it skews investments toward large scale industrial, retail, or commercial projects that can absorb costly environmental remediation. The established pattern of municipal boundaries makes it virtually impossible for cities to expand to encompass greenfield areas for economic development.



Norwalk

## Key Challenges

### Erosion of civic engagement and civic leadership

The cities of Connecticut were once regional centers for medical services, retail, banking, and professionals. Banks were locally owned, downtown offices were filled, and local business owners contributed both time and money to civic improvement.

With companies closing or being bought out by non-local parent companies, civic leadership within the business community has eroded. This happens for at least two reasons: senior executives in companies purchased by firms with headquarters outside Connecticut are replaced with mid-management executives who have less ability to lead major community initiatives. Second, corporate philanthropic funding is steered away from a non-headquarters community.

For example, at the start of the 1980's, Stamford served as the world headquarters for nearly the same number of Fortune 500 corporations as much larger cities like Los Angeles and Chicago, many of which had high local employment concentrations and were highly civic-minded. Companies like Champion International, the Continental Group, and GTE were major contributors to community well-being, but are now gone. Firms that replaced them, such as UBS and Purdue Pharma, are valued for the jobs they provide and may come to be equally civic minded.

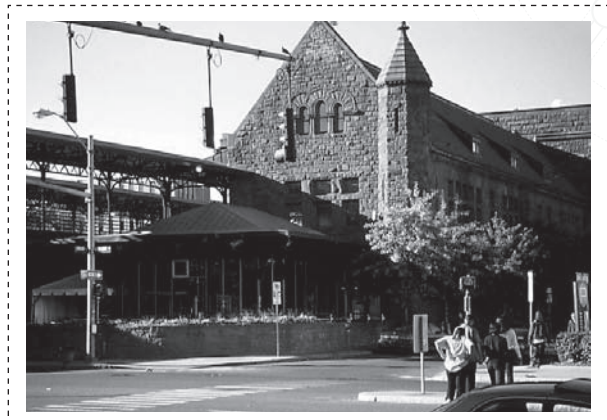
In addition, with the flight of the middle class, the pool of residents actively engaged in civic life has diminished. The loss of this civic leadership is particularly severe in smaller cities.

### Counterproductive state fiscal and land use policies

basic services. The crucial ties between tax policy, wise land use decisions, and urban fiscal health have been extensively studied and are becoming widely recognized.



New Haven



Hartford

Dependence on the local property tax has led to the “fiscalization” of property development, which accelerates a major tax base shift—commercial and industrial uses—from city to suburb. In addition, land use policy at the local level tends to discourage affordable housing development in suburban communities, exacerbating city/suburb income disparities and further concentrating poverty in urban centers.

Thoughtful state land use policies set out in the *Conservation and Development Policies Plan for Connecticut, 2005-2010*, including growth management principles, have not yet been sufficiently utilized to promote reuse and redevelopment of infrastructure in our core urban areas and in first ring communities in a coordinated fashion.

### Weak political constituency for cities

With no single leading urban center, and cities of small size relative to their metro areas, the visibility and political clout of Connecticut's cities is limited. Suburban population growth in recent years has shifted political power in the General Assembly and influence overall, which may hinder policies that would support cities.

The fact that some cities are within the orbit of larger bi-state metropolitan regions (especially southwest Connecticut cities in the New York metropolitan region) may also lessen the sense of urgency for state responses to urban issues. The perception of city governments as corrupt and inefficient further erodes statewide support.

## An Inadequate Policy Response

### An Inadequate Policy Response

The problems of the cities have not been ignored. In recent years, state government has launched a number of special initiatives focusing on improving urban conditions. For example, it brought in Harvard Business School Professor Michael Porter during the 1990s to spearhead the Inner City Business Strategy, which focused on business development as the catalyst for urban revitalization.

Also during the 1990s, the state invested \$750 million in the “Six Pillars of Progress” for Hartford, which has led to the development of a new Connecticut Convention Center, downtown housing, a parking garage, and a football stadium. Major state investments were also made in other cities.

These efforts have not been sufficient to address the myriad of urban problems in a coherent and comprehensive manner.

**They have been deficient on at least four counts:**

#### The focus has often been on “silver bullets.”

The challenges facing Connecticut cities are stubborn and complex. Successfully addressing them requires sustained and deep engagement on multiple fronts. It may be tempting to invest in large-scale, high visibility “brick and mortar” projects to demonstrate progress. However, such projects, while helpful to some degree in stimulating economic activity, cannot in themselves address the fundamental problems of large-scale disinvestment, middle-class flight, concentrated poverty, and the structural fiscal limitations plaguing Connecticut’s most distressed cities. In addition, cities may not fully calculate and provide for the downstream infrastructure costs these major projects generate.

#### Neighborhood investment has lagged downtown investment.

A disconnect continues to exist between a focus on downtown development efforts and activities that focus on the neighborhoods in those very cities. The majority of urban residents do not live downtown. While vibrant downtown environments must be part of any urban strategy, there needs to be at least an equal focus on ensuring that the neighborhoods are strong.

#### Policies and program operate in their own “silos.”

Efforts to address the multiple challenges facing Connecticut’s cities have been fragmented. No common vision or strategy unifies these efforts. Workforce specialists focus on building the skills of the workforce, while community development organizations focus on neighborhood commercial revitalization, and housing and economic development organizations focus on attracting business investment.

The state has a number of development programs, but these have not always been effectively integrated across state agency lines to provide urban developers with a package of useful tools. This lack of coordination, together with Connecticut’s complex patchwork of land use permitting, reduces the ability of these programs to overcome the substantial challenges presented by current tax policies and market forces.

#### There has been a failure of will on complex structural issues.

Study after study has shown that unless Connecticut reduces its dependence on the property tax to fund local services, the forces that are producing concentrated poverty in the cities, unsound land use decisions in the suburbs, and environmentally costly regional sprawl will continue unabated. The Blue Ribbon Commission on Property Tax Burdens and Smart Growth Incentives made this clear in 2003. Yet, few in the political realm have the vision and will to make hard choices that will lead, in the long-term, to improved quality of life for all of the state’s citizens.

*In thinking about strengthening the state’s urban communities, Connecticut must come up with an approach that:*

- 1) is tailored to the state’s unique urban character;*
- 2) takes into account the multiple challenges that urban communities face; and*
- 3) overcomes the weaknesses and limitations of recent policy responses.*



# Implementing a Livable Cities Agenda

*The city—any city—cannot carry the burden of reform alone. In fact, the state is the only player with the power and resources to shape growth patterns in metropolitan areas.* <sup>xxi</sup>

As a state made up of city-regions, Connecticut's cities must succeed if the state economy is to grow and prosper. However, cities simply do not have the wherewithal to go it alone. While the state has policies and programs that benefit cities and has made some major urban investments, it lacks a coherent urban policy that takes into account the state's unique fabric of small cities and addresses the multiplicity of urban issues in an integrated fashion.

To achieve the vision laid out in this report, Connecticut needs a new urban agenda. Developing and implementing this agenda must start with the recognition that every Connecticut resident and business has a stake in its success. It must be the shared responsibility of all levels of government as well as the private sector, the nonprofit sector, and individual citizens.

Achieving successful outcomes around all three dimensions of urban health—people, place, and payroll—will require breaking down silos between government agencies, levels of government, and the public and private sectors. It will require more careful consideration of individual policy decisions and program investments, and greater cooperation among agencies and levels of government to ensure alignment of purpose.

*Both levels of government—state and local—along with regional cooperation have an important role in this process:*

- *The role of state government is to establish a supportive policy framework.*
- *The role of regional institutions is to undertake functions that cross municipal boundaries.*
- *The role of local government is to take care of basics.*



New Haven

# The State's Role

## Leadership and Coordination

State government must take the leadership role in formulating and steering a state urban agenda. More than any other actor, the state has the policy interest, resources, institutional mechanisms, and legal powers to promote, develop, and maintain healthy urban communities. The state must convene stakeholders, establish a vision for its cities, and develop a strategy to support urban development.

One state task is to review the organization of state program delivery with an eye toward enhancing coordination of policies and programs affecting urban areas. This will involve review of economic development, community development, education and workforce development, human services, transportation, and land use policies. Similarly, the state should review how it relates to regional and local planning and governance bodies in order to determine how best to institute stronger intergovernmental coordination.

## Fiscal Reform

The state's heavy reliance on the local property tax to fund local government functions may not have set off the process of urban disinvestment, but, as noted, it has without question perpetuated and intensified it. The cycle of urban disinvestment and tax base decline cannot be reversed without a fundamental restructuring of the state and local tax structure. This can only be accomplished at the state level.

While tax policies alone cannot overcome the outward push of development, they should be designed, at a minimum, to eliminate fiscal incentives leading to costly land use decisions and driving the trend toward suburban and rural development.



Hartford



New Haven

### Regional Land Use Policy Reform

The need to coordinate state and regional land use policies to promote more efficient, equitable, and environmentally-sensitive land use policies, referred to as Smart Growth, has been discussed elsewhere. These policies are of particular importance to the health of the state's cities.

Smart Growth encourages development in cities because cities already have in place a full energy, water, sewer, and transportation infrastructure. Using these systems is a more efficient choice than building new roads and sewers in rural areas. Smart Growth also promotes more balanced housing policies that distribute affordable housing more broadly across the region. In a Smart Growth model, if one city or town pursues a development initiative with region-wide impact, such as a big-box retailer, the state would work with the region as a whole on mechanisms for managing issues that arise. Instead, what often emerges is a growth versus no growth debate, instead of a plan to promote smart growth.

### Urban Investments and Public Services

The state should review its current portfolio of program and tax expenditures affecting urban areas to assess whether they are appropriately designed, scaled, and targeted. It should also assess whether there are gaps in its current assistance toolbox.

#### **The State Role**

Key areas to consider for the state's role include the following:

- Target retention and assist Connecticut companies in adding jobs
- Provide supplementary funding, technical assistance, and statutory reform focusing on P-12 educational excellence;
- Improve and expand postsecondary and adult education programs, focusing on developmental programs and occupational training;
- Make prudent transportation investments to increase access to jobs within cities and from cities to suburban sites;
- Make capital investments in public facilities in downtowns and neighborhoods;
- Develop mixed-income housing investments and homeownership incentives;
- Provide more incentives for brownfield redevelopment;
- Improve services that are primarily state responsibilities, including childcare, health services, transit, ex-offender reintegration, and substance abuse treatment; and
- Add capacity building and operational support for community-based and faith-based organizations undertaking development activity and community services.

# The Regional Role

## The Regional Role

Economic activity is not self-contained within municipal boundaries; it is regional in scope. Cities must work together with other municipalities in their regions to undertake functions that are most effectively accomplished on a regional scale. In a state without counties, municipal coordination is critical to avoid waste and redundancy.

## Economic Development

Regions in which individual jurisdictions compete against one another rather than uniting to promote their common economic interests will ultimately lose ground. In Connecticut, as noted, state tax policy promotes unhealthy intra-regional competition for new development. If these perverse incentives can be removed through state fiscal reform, cities can work together within regions to promote their common economic interests.

Most regions of the state already have public/private economic development organizations that conduct various economic development activities on a regional

scale. These organizations should be strengthened. They should be provided with increased state funding for regional marketing and authorized to target development incentives to locations compatible with state and regional land use policies. And, they should be structured to take full advantage of the federal government resources that are so vital to regional and urban economic development in other parts of the country.

## Workforce Development

Labor markets are regional. Maximizing employment opportunities for city residents requires understanding the needs of employers throughout the region. Many key sources of workforce training, notably community colleges, serve regional populations. Regional Workforce Investment Boards (WIBs) produce regional workforce development plans and fund service providers on a regional level. Cities must work with WIBs to meet the training needs of the urban workforce and ensure that workforce services are coordinated with related services, such as transportation and childcare.



Waterbury





*New Haven*

### Transportation

Maximizing employment opportunities for urban workers also requires addressing transportation barriers and mobility issues. Regional transportation planning and transit service already occur on a regional level. Regional councils of government conduct transportation planning, and some regions have regional transit authorities. Cities must work more closely with regional transportation bodies to develop appropriate options for city workers, such as “reverse commute” transportation and childcare. Consideration should also be given to consolidating transit authorities to provide better connectivity within and between urban regions.

### Land Use Policy

When conducted at a regional level, land use policy supports economic development by identifying the most appropriate areas for various types of development. Land use planning takes into account factors such as compatibility of uses, transportation access, and efficient utilization of existing energy, water, and sewer infrastructure. Regional councils of government conduct regional land

use planning, but have no enforcement powers to assure compliance with their plans. Regional planning can play a larger role in helping to implement effective growth policies that support both suburban and urban communities and develop appropriate interconnections among communities.

### Governmental Effectiveness

Regional collaboration can also be a means for municipalities to improve government efficiency, thus reducing fiscal burdens and creating a healthier economic climate. Collaboration to increase efficiency can include joint procurement of goods and services and establishment of service districts to provide public services on a multi-jurisdictional basis. Joint activities can be particularly beneficial in light of the small size of Connecticut cities and the even smaller size of their suburban neighbors. There are significant economies of scale to be achieved through shared services throughout the state. Cities that can provide quality public services efficiently may be particularly well positioned to offer services through inter-jurisdictional agreements.

## The Local Role



*New Haven*

### The Local Role

State and regional actions can create a climate that enables cities to succeed. But only local governments, working with other key actors, can turn that opportunity into reality. Local governments must use the resources and tools available to effectively and efficiently provide the basic services needed for a livable city.

### Good Schools

There is probably no more important way for cities to ensure their economic and fiscal health than by providing high quality education. A good educational system can create skilled, productive citizens from the ranks of the poor and new immigrants, and help to bring back the city's dwindling middle class. While the state must provide the fiscal capacity and tools to provide quality education, the ultimate responsibility for managing local school systems falls on local government.

### Effective, Efficient, and Ethical Public Service Delivery

Local governments must develop the competencies, management capacity, and fiscal discipline to deliver public services more efficiently and effectively. In order to develop and maintain public trust, they must establish and adhere to the highest standards of quality, efficiency, and professional ethics. This will be particularly important in the area of public safety, but applies across the board to all manner of services.

### Well-conceived Tax and Regulatory Policies

Local government must establish a tax and regulatory environment that supports investment, with reasonable and user-friendly regulation of real estate development and business activity. An attitude welcoming to business results in a stable and predictable fiscal environment. This may involve narrowly targeted incentives to promote particularly desirable and high-risk economic development activities (such as brownfield development) without diminishing the capacity to fund vital public services.

### Strategic Investments

Local governments should develop a well thought out strategy for public investments in urban revitalization. While funds may come from a variety of government and private sources, local governments should carefully analyze where public investments in public facilities, infrastructure, and private redevelopment projects will have a significant long-term positive impact on local economic development objectives. Cities should avoid investments in projects that may have a vocal or powerful constituency but questionable economic payoff in the long run.



*Stamford*

## Partnerships and Civic Leadership

Many actors on the local urban stage have a strong stake in preserving and strengthening Connecticut's cities. These include residents, businesses, property owners, and nonprofit institutions. These stakeholders are represented by a variety of business, professional, cultural, civic, and community and faith-based organizations. City governments can leverage the resources and capacities of these stakeholders by developing and promoting partnerships to address all manner of urban challenges and opportunities. Public/private partnerships are particularly important to smaller cities with limited revenue-producing capacity and resources.

A corollary to partnerships is the development of new civic leadership. Engaging multiple stakeholders in efforts to improve local conditions provides an opportunity to engage individuals with the potential to assume leadership roles. Cities should consciously create avenues for civic leadership development, with particular focus on youth and young adults.

### *The Local Role*

- Good schools
- Effective, efficient, and ethical public service delivery
- Well-conceived tax and regulatory policies
- Strategic investments
- Partnerships and civic leadership



*New Haven*



# Government Efficiency and Effectiveness

**T**he Connecticut Regional Institute endorses a more vigorous dialogue in Connecticut about the importance of knowing how we are doing in selected measurable factors related to livable cities. Using data does not tell the entire story about our communities or what it takes to make them successful, but it helps to identify what is working and what needs more attention.

Broad performance measures are available in fields such as education, employment, health care and fiscal activity. Collecting and knowing data does not in itself make a difference in outcomes. Using such data in the context of an overall strategy and with a commitment to learn from it and act more effectively can make a major difference.

One outcome of looking at indicators is to help focus the best use of scarce public resources. Once there is agreement that one or more broad measures need additional effort, programs can be developed to “move the dial” and have an impact on performance over a period of time. When long-term progress is made on the characteristics that are measured, our cities become more attractive places to live and work.



*Stamford*



*Hartford*

## Why use Indicators?

### Why use Indicators?

The Institute developed a benchmarking model to build understanding of ways to assess where we stand and what we must change to make Connecticut's communities more competitive. We believe this will move the discussion away from a critique of how each city is performing and toward a broader perspective.

Indicators can help a community focus on which actors, programs and investments are best suited to create a desired community change. No single public official, program or organization is responsible for achieving change in the broad, population-level indicators illustrated in this report. In fact, in order to change any one of these indicators over time, a wide variety of local and state public strategies will be necessary.

Indicators can initiate a process to identify "performance measures" for the strategies that the community uses to achieve change. Indicators enable us to:

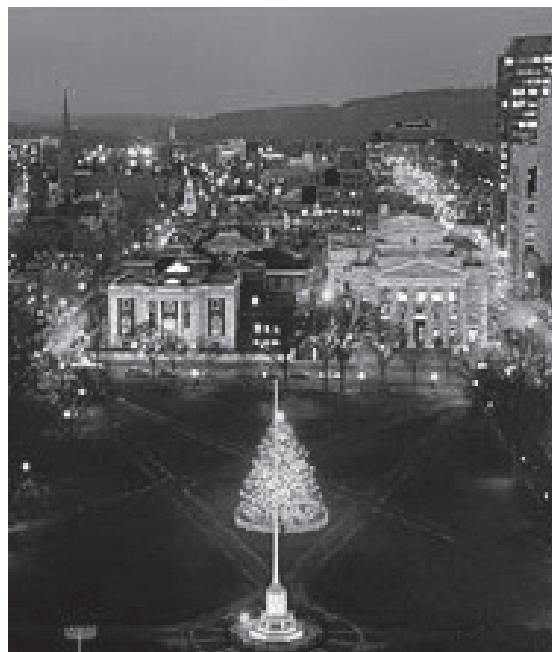
- Know where we stand;
- Identify where we want to go;
- Understand progress along the way;
- Build a sense of community-wide responsibility for success; and
- Make our goals and strategies clear to the public.

### Data and Indicators in General

Indicators should not turn important public policy issues into mathematical scoring. Indicators and data help create a framework for people to apply their judgment and knowledge to make decisions. Without indicators, applying judgment can become just a battle of opinions. The winners in this type of battle rarely build broad-based consensus on how to proceed, but merely send the losers off to strategize on how to win the next test of wills. Using data to define the issues is a much less subjective approach.

*The Institute used four key tests to select the indicators we used in this benchmarking model:*

- *The indicator must measure a condition that is important to a community. The indicators we chose relate to defining characteristics of communities—conditions that can truly make a community more livable and therefore more competitive.*
- *The data must be readily available. We chose to focus on data that is available for all Connecticut towns and cities. We might like to know many other things about our cities, but the relevant data is not uniformly collected for them.*
- *The data should be actionable, meaning it can be influenced through policies and programs. For example, measuring rainfall, even though the numbers are available, is not actionable and could not lead to change.*
- *The data must be regularly updated. While the work may continue for a decade or longer, people want some indication of progress to sustain the required effort and investment. We focused on data that is updated at least once in every three years. Unfortunately, this leaves out most US Census data due to its ten-year cycle.*



New Haven

## Benchmarking Indicators for Selected Cities

<b>CT Regional Institute For the 21st Century — Benchmarking Indicators Model for Selected CT Cities</b>									
Population Estimates (2003)	139664	124387	71572	124662	84170	120107	108130		
City	Bridgeport	Hartford	New Britain	New Haven	Norwalk	Stamford	Waterbury		
Education Benchmarks:									
High School Graduates As % of 9th-12th Graders Enrolled:	0.16	0.15	0.16	0.17	0.2	0.23	0.17		
Overall Graduation Rate at CT State University System (2004)	0.37	0.43	0.43	0.37	0.32	0.32	0.4		
Overall Graduation Rate at Community College System (2004)	0.09	0.13	0.1	0.14	0.07	0.07	0.08		
Employment Benchmark:									
Average Annual Employment (2003)	4664	114392	23249	74672	42241	75840	41117		
Economic Activity Benchmarks:									
Sales Tax per capita (2003)	428	1051	400	1204	1115	956	436		
Median Residential Sales Value (2003)	159700 *	130000 *	120000 *	130000 *	331500 *	370000 *	100000 *		
Commercial & Industrial Property Assessment as % of Grand List (2002)	0.18	0.37	0.15	0.36	0.2	0.25	0.22		
Quality of Life Benchmarks									
Violent Crime per 1,000 Population (2002)	12.1	12.4	4.5	13.9	4	2.3	5.4		
Percent of Population Enrolled in Medicaid & HUSKY A (2003)	0.41	0.57	0.37	0.43	0.15	0.14	0.41		
Fiscal Health Benchmark:									
Total Taxes Collected as A % of Total Outstanding (2003)	0.77	0.89	0.9	0.91	0.98	0.96	0.82		

\*Percentage change of median residential sales is from 2000 to 2003

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# Getting from Indicators to Results

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## Getting from Indicators to Results

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Indicators are not initiatives. However, building consensus around big, population-level goals can drive efforts to determine what strategies are needed to achieve those goals, what programs and investments will implement the strategies, what specific outcomes and results should be sought for these programs and investments over time.

As an example, though their environment is quite different, one of the most established and most successful community indicator movements is run by the Jacksonville Community Council Inc. (JCCI, Jacksonville, Florida). JCCI worked with city/county leadership and citizens to establish a set of indicators to measure progress. The citizen-led effort considers the indicators and helps the city leadership decide on one or two areas per year on which to focus for improvement. The ongoing measurement system allows citizens to see results and progress on a regular basis so that the community understands the impact of strategies adopted, to see what has worked and what hasn't.

Jacksonville's "Qualify of Life" reference data includes indicators under the broad categories of:

- Achieving Educational Excellence
- Growing a Vibrant Economy
- Preserving the Natural Environment
- Promoting Social Wellbeing and Harmony
- Enjoying Arts, Culture, and Recreation
- Sustaining a Healthy Community
- Maintaining Responsive Government
- Moving Around Efficiently
- Keeping the Community Safe

Cities in Connecticut may find Jacksonville's experience useful, but would need to adapt any such model for different local circumstances.

Cities are complicated, diverse, and difficult to manage. Many elements of success are outside the control of municipal leaders. Getting and keeping the attention of city residents, like any electorate, requires a compelling goal. We believe that having good indicators can help focus both city management and city residents on needs that are meaningful, measurable, and reachable.

We urge Connecticut's urban leaders to follow the widespread practice in other states to use data to inform initiatives for change. The community's organizations, businesses, institutions, and residents will become more aware of where they stand in measurable achievement and how this affects the city's competitiveness in a global economy.

*Citizens understand the difference between the abstract and the specific. For example, compare these goals: "we need to support our local college to attract jobs" versus "we need to increase our local college graduation rate by 2% each year for the next 5 years." The first is common sense, but short on specifics and murky on results. The second is tied to an indicator everyone understands. Agreement among the stakeholders becomes less tied to rhetoric and more to outcomes.*

Once the idea of using indicators is adopted by community leaders, deciding on useful strategies and programs becomes the priority, not fruitless debate about why things did not succeed in the past. Stakeholders will support the need for change and will support investments, both short-term and long-term, if they believe that progress can be achieved and it will make a difference in their community. The value of using indicators as the framework for this approach is that they provide a starting point, progress points, and a long-term vision for improvement.



## Our Urban Future: A Coalition for Connecticut Cities

**C**reating stronger urban communities will enhance the state's competitiveness in national and global markets. This will benefit all of Connecticut: urban, suburban and rural.

Creating livable cities in Connecticut is not solely the responsibility of the public sector. Even with more effective public policies at the state, regional and local levels, a new urban future for Connecticut requires a coalition that includes the business community, community-based organizations, and committed individuals.

It goes without saying that implementing Connecticut's urban agenda will not be easy or quick. It will require hard policy choices, major resource commitments, sustained attention and commitment and willingness to accept far-reaching changes in the way government is funded and managed. It could take a generation or more to accomplish. Yet, the consequences of inaction could be far greater, eroding the economic health and quality of life of virtually every Connecticut resident and community. The choice Connecticut must make is whether to allow its cities to remain sources of regional economic burden or to transform them into centerpieces of regional success.



*New Haven*

# End Notes

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- viii See, for example, Pennsylvania and Rhode Island studies on the costs of sprawl, cited in The Shape of Things to Come: Is Connecticut Sprawling? New Jersey, Connecticut and New York Regional Plan Association, May 2002; and U.S. Department of Housing and Urban Development, The State of the Cities 2000: Megaforces Shaping the Future of the Nation's Cities: June 2000; also Muro and Puentes, op cit.
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- xii HOME Connecticut
- xiii The Partnership for Strong Communities, A Crisis in the Making: the Need for Affordable Housing in Connecticut
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- xv Edward L. Glaeser, Jed Kolko and Albert Saiz, Consumer City, Cambridge: Harvard Institute of Economic Research, Harvard University, June 2000.
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- xvii Based on 2004 Census data. Another 3.5 percent live in metropolitan areas with Massachusetts central cities, and another 2.1 percent in rural areas. The Bureau of the Census defines Metropolitan Statistical Areas as Core Based Statistical Areas (CBSAs) with at least one urbanized area that has a population of at least 50,000.
- xviii Corporation for Enterprise Development, 2006 Development Report Card for the States, 2006, and Congressional Quarterly, CQ's State Fact Finder, 2006
- xix Benchmarking Connecticut's Economy: A Comparative Analysis of Innovation and Technology, Connecticut Economic Resource Center, Inc., 2005
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- xxi Katz, supra.