

11. Economic Development

Statement of Purpose

The cities and towns of the Capitol Region and beyond constitute a tightly interconnected regional economy. Each community relies heavily on others to provide jobs, workers, commercial opportunities, and many other types of economic support. The infrastructure and settlement patterns developed over the last several decades have reinforced these connections. In order to remain competitive in an increasingly global economy, the municipalities of the Capitol Region will need to combine resources to support growth throughout the region and help develop the concept of MetroHartford as an important and vital entity in the global market. An individual municipality simply cannot compete successfully in a global environment built upon economic regions. Yet, as we pursue regional economic growth, the uniqueness and traditions of each community must be respected and protected. Regional economic growth should occur in a manner that enhances, rather than harms, the Capitol Region's high quality of life that is valued by citizens and businesses alike.

Current Conditions

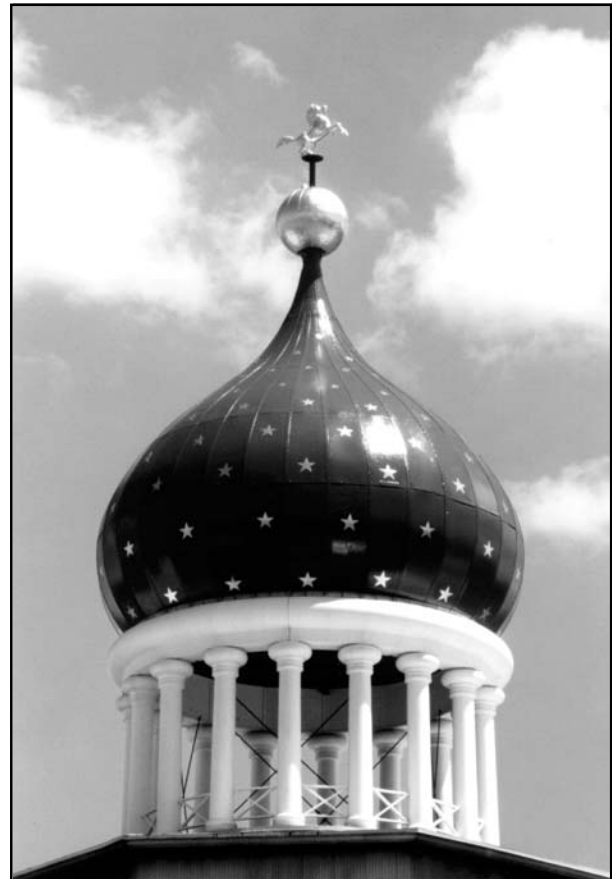
The Capitol Region has a highly educated, highly skilled workforce and several core industries which provide a solid foundation for economic growth. This foundation has allowed modest economic growth in most of the region's municipalities in the last few decades. Over the last ten years, however, Connecticut Department of Labor statistics indicate that the region lost almost 28,000 jobs (Non-Farm Employment, 1990-2000). The City of Hartford was hit the hardest, accounting for over 27,000 of the jobs lost. The job loss between 1990-1995 was the most severe, and was followed by growth in most sectors since 1996.

While the region as a whole lost jobs over the last decade, a majority of Capitol Region suburbs experienced increases in employment. This trend is consistent with regional patterns of population and housing unit growth. It is important to note, however, that even with the job losses of the last decade, Hartford remains home to more than 28% of the region's non-farm employment in 2000, based on State Department of Labor statistics for the 29-town region. The long-term success of the region as a whole depends on the revitalization and growth of its core city of Hartford. At the same time, Hartford will make the most progress in reviving its neighborhoods and status as the region's strong center with a strategy that complements neighborhood development ("inside game") with one that connects the City to the regional economy ("outside game").

The City and the Region

While most parts of the Capitol Region have seen steady growth in population, jobs, housing values, and median income, this growth is not sustainable with a failing core city. Just as the region's development began in and spread outward from Hartford, the decline in our region's urban core can impact the entire region. With its designation as the center of the Census-defined Metropolitan Statistical Area and its long history as the flagship for our region, Hartford represents the region to those outside it.

A singular focus on Hartford ignores, however, the ways in which the region's economy has developed over the last several decades. The rapid growth of retail areas such as Buckland Hills in Manchester/South Windsor, Corbin's Corner in West Hartford/Farmington, and the Berlin Turnpike have provided the region with several 'sub-centers' of major regional significance. Windsor, Farmington, Enfield, and Windsor Locks, among other towns, are home to regional-scale employment centers. Further, several other areas such as Bradley International Airport and the Rentschler Field property in East Hartford, are primed to become major development areas.



A clear indication of this fundamental interconnectedness of all of the region's municipalities is found in the 2000 U.S. Census data concerning journey to work. In 2000, about one in four Capitol Region residents was employed in their town of residence. As stated above, about 24% of the region's workers were employed in Hartford, with 44% of the region's residents traveling to other municipalities in the Hartford Metropolitan Statistical Area for their employment. Regional economic development efforts must build on Hartford, which is still our largest employment center and the location of a large portion of our high-end jobs, and encompass the region in a comprehensive manner.

Strengths and Weaknesses

The MetroHartford Millennium Project, under the guidance of the Connecticut Capitol Region Growth Council (now the MetroHartford Economic Growth Council), prepared an extensive study of economic development in the Capitol Region. This study, prepared in 1998, used a wide variety of objective measurements to compare the Capitol Region to 300 other metropolitan areas in the United States. For this reason, much of the analysis provided in this section is based upon and guided by the Growth Council. It also draws on key input from many of the region's economic development officials. Ultimately, our success depends on building upon our strategic assets and strengthening the factors that diminish our competitiveness. The box below lists these key areas of competitive advantage.

Key Competitive Advantages

- *Educated, skilled, and productive workforce*
- *Rich natural and cultural amenities*
- *Centrally located between two major markets*
- *Excellent public and private education systems*
- *Attractive quality of life*
- *Racial, ethnic, and cultural diversity*
- *Strong exports and foreign direct investment*
- *Wide diversity of business clusters and a strong, established corporate base*

Barriers to Global Competitiveness

- *Fiscal and political structures that inhibit cooperative activity*
- *Limited resources currently dedicated to regional economic development efforts*
- *A mismatch between the skills of the residents and the workforce needs of businesses*
- *The difficulty of recruiting young professionals to the region and retaining local graduates*
- *Overall cost environment and business climate*
- *Lack of "shovel-ready" sites for development*
- *Transportation and trade system too dependent on automobile*
- *Under-realized international air access potential*
- *Absence of a vibrant, "24/7" downtown area*

The region's location is one of its key competitive advantages. Located roughly halfway between the two major economic centers of New York City and Boston and at the crossroads of two interstate highways, the Capitol Region is positioned to be a factor in inter-regional, interstate, and international commerce. To maximize economic growth based upon our key location, we must maintain infrastructure which connects us to world markets and which allows efficient movement of people, goods, and data.

While there continues to be modest economic growth in our region, there is little doubt that this growth is impeded and slowed by a number of factors. A number of these barriers to growth and competitiveness are summarized in the box above.

Finally, to better compete in a global economic marketplace built upon regions, efforts are underway to combine the resources of the Greater Hartford and Springfield areas. When these two areas are taken together, they comprise a critical mass of population, economic, educational and cultural

resources. It is hoped that greater inter-regional and interstate cooperation as part of the Hartford-Springfield Economic Partnership will produce economic growth beneficial to our combined region, known as New England's Knowledge Corridor.

Forecasting Future Growth

A significant portion of economic development planning lies in the forecasting of the location and type of potential economic growth. The trends over the last twenty years show that the regional economy is shifting away from manufacturing-based industry toward service-based industry, with many other changes and cycles affecting employment and business growth. The tables on the following page identify key industry areas, both by industry type, and general location, that will be pivotal to the regional economy over the next few decades. The Economic Development Areas of Regional Significance Map, located in the pocket at the end of this report, illustrates areas of focus for current and future economic growth. Areas of regional economic significance are identified (large commercial areas, key employment centers, etc.). Areas of projected growth are also highlighted to provide guidance for future planning efforts.

Tables 11.1 and 11.2 present the makeup and size of the major industry groups in the two counties of the Capitol Region. As is evident from the first table, overall nonfarm employment has grown about nine percent over the last twenty years, and is projected to continue growing, though somewhat more slowly. The decline in manufacturing seen over the past few decades is expected to continue, though at a slower pace, while the Insurance, Service, and Retail trades are all expected to experience growth. In the year 2000 (according to the first table), the four sectors of Manufacturing, Retail, Finance/Insurance, and Services accounted for over 70% of the area's employment. The manufacturing sector, despite its contraction, still is projected to be the third largest employer by sector in 2010. Appropriate economic development strategies based on these forecasts would therefore include policies



designed to support the expansion and development of new businesses in growth sectors, as well as examination of the causes of potential contraction in other key clusters, such as manufacturing or construction, and the implications of these contractions for the regional economy. The Goals and Policies section of this chapter addresses some of these strategies, and the Economic Areas of Regional Significance Map sketches out key existing and potential areas for regionally-significant economic development activity.

Municipal Tax Issues and Zoning Connections

Perhaps the major challenge to a regional approach to economic development is fiscal zoning. Fiscal zoning is a by-product of CT's state-local tax system in which local governments are under a constant imperative to grow grand lists. It describes the use of zoning powers to make decisions that are driven on the basis of revenue need rather than community development goals, often regardless of the appropriateness of the development for a particular community.

There are several ways that the heavy reliance on local property taxes leads to local and regional land use decisions driven more by revenue needs than by the townspeople's vision for their towns. For example:

- Increasingly, residential development looks to be a net revenue loser, costing more to provide services, especially education, than it brings in. As a result, residential development is becoming less attractive to municipalities. This has a couple of by-products. One, it tends to foster a pull-up-the-drawbridge attitude that may restrict access for new residents. Two, it curtails housing choice for all by limiting the full range of "housing opportunity" essential to meet households' need, particularly higher-density housing.



- Commercial and industrial developments are perceived to bring more revenue than they cost, becoming economically desirable regardless of their unquantifiable costs — traffic congestion, loss of open space or habitat, and community character.
- Mixed-use developments that include residential and commercial/office use are discouraged largely because of the practice of separating uses, but also in part due to the difficulty in financing these developments. This practice not only exacerbates the need for automobile transport, it also limits housing choices. A significant segment of the population wants places where they can walk from home to stores, work, and school but few new developments are so situated and designed so that walking is possible.
- Competition for new developments generating local tax revenues pits communities against each other, consuming staff and financial resources (grants and tax abatements).
- Development often has impacts beyond one municipality's border but these impacts are seldom factored into local decisions.
- The local drive for property taxes precludes thinking about where development is appropriate from a regional infrastructure perspective.

Alternative Municipal Budget Sources

Municipal budgets are funded in a variety of ways around the country. Other ways include drawing from different sources and having more sectors of local operations paid for by the state. The Capitol Region and the State should investigate what would work best from among the many options already in use around the country. New England states, including Connecticut, are among the states that rely most heavily on local property taxes, a system that began in colonial days when property, including personal property, was a significant measure of wealth. It is time that the State starts to consider alternatives.

Table 11.1: Employment by Industry Category for Hartford and Tolland Counties (x1000 Jobs), 1980-2010

Industry Category	1980	1990	2000	2010	Pct. Growth 1980-2000	Proj. Growth 2000-2010
Total Nonfarm Payroll Employment	505.88	572.66	550.87	564.01	8.9%	2.4%
Construction	15.70	22.21	19.71	18.34	25.5%	-7.0%
Manufacturing	144.92	106.37	79.05	77.60	-45.5%	-1.8%
Transport., Commun., and Pub. Utility	17.47	23.06	26.80	26.26	53.4%	-2.0%
Wholesale Trade	24.48	33.56	27.86	26.78	13.8%	-3.9%
Retail Trade	75.51	90.18	85.53	88.79	13.3%	3.8%
Finance, Insurance & Real Estate	62.98	78.26	65.87	66.51	4.6%	1.0%
Services	94.56	138.84	156.66	169.29	65.7%	8.1%

Industry Sub-Category	1980	1990	2000	2010	Pct. Growth 1980-2000	Proj. Growth 2000-2010
Transportation equipment	47.02	36.73	18.77	18.78	-60.1%	0.1%
Security and Commodity Brokers	1.27	1.71	2.61	2.47	105.5%	-5.4%
Insurance Carriers	45.39	49.48	42.88	45.21	-5.5%	5.4%

Source: Economy.com and CERC, Inc.

Table 11.2: Number of Firms by Company Size (# of Employees) and Industry for Hartford and Tolland Counties, 2002

Industry Type	No Data	Under 10	10-99	Over 100	Total
Agriculture, Forestry, and Fishing	4	1,091	104	2	1,201
Construction	28	4,988	460	14	5,490
Manufacturing	137	1,609	755	160	2,661
Transportation and Public Utilities	160	989	308	68	1,525
Wholesale Trade	39	1,627	453	44	2,163
Retail Trade	816	5,893	1,523	92	8,324
Finance, Insurance, and Real Estate	171	2,985	616	56	3,828
Services	611	16,092	2,698	350	19,751
Total	1,966	35,291	6,918	787	44,962

Source: CERC, Inc.

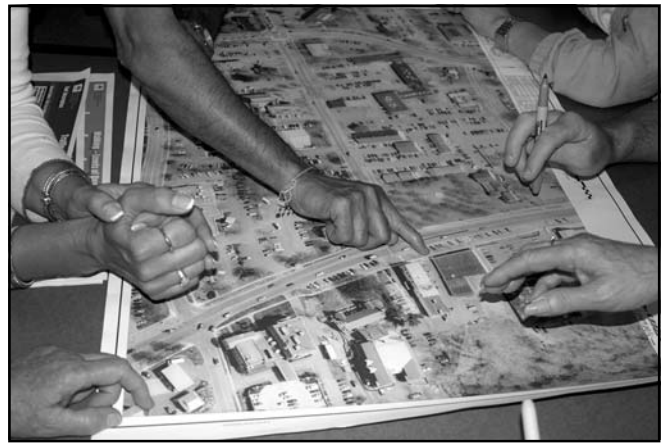
Goals & Policy Recommendations

A. Revitalize Hartford as the Economic, Residential, Entertainment, and Cultural Center of the Connecticut Capitol Region

As the largest municipality, the largest employment center and in many ways the “brand name” that defines the region to the rest of the world, Hartford’s success or failure greatly impacts upon the rest of the region’s towns. Several ongoing initiatives are endeavoring to improve and expand Hartford’s appeal to new businesses, residents, visitors, and tourists. The creation of a thriving downtown area in Hartford is pivotal to these regional efforts, as is the promotion of homeownership for Hartford residents, and the creation of more neighborhood choices for middle-income households.

Policy Recommendations

1. Support and help to coordinate existing initiatives for Hartford’s revitalization.
2. Support increased resources for neighborhood-based community renewal and stabilization efforts.
3. Advocate expanded public transportation, transit-oriented development, mixed-use development, and a range of attractive housing opportunities in Hartford.
4. Support public relations, tourism, education, and media campaigns to promote Hartford and the Capitol Region.
5. Focus regional efforts on assisting initiatives to expand Hartford’s housing and entertainment offerings, as well as its appeal to young professionals and empty nesters, drawing upon the recommendations of the Greenberg Plan and other relevant studies.
6. Continue to improve downtown Hartford’s connection with the Connecticut River.
7. Connect Hartford residents to good jobs throughout the region.



B. Coordinate and Promote Regional Land Use, Infrastructure, and Fiscal Policies for Economic Development

For regional economic success, each of the Capitol Region’s 29 municipalities must acknowledge the fundamental interconnectedness of our regional economy and work together to support it. An unprecedented level of regional cooperation will be required to maintain the Capitol Region’s competitiveness in an economy built upon large, intermunicipal regions. This cooperation will need to involve the coordination and linking of land use, infrastructure, and fiscal policy across municipal boundaries, and must involve state as well as local officials. Efforts that focus primarily on the generation of quality jobs will contribute more to our region’s long-term economic vitality than those that focus primarily on grand list growth.

Policy Recommendations

1. Work with state and local officials to decrease reliance on the property tax for funding local public services, particularly public education.
2. Encourage higher-density development in core areas of the region and along corridors with infrastructure adequate to support such development.
3. Encourage intermunicipal and regional review and coordination of major development proposals.
4. Increase municipal, regional, and state cooperation on major infrastructure and transit investment, as well as access to transportation and telecommunications infrastructure.
5. Support policies that provide financial support and incentives for priority projects in the Capitol Region.
6. Consider and coordinate community development, environmental protection and transportation concerns in making economic development decisions.
7. Encourage tax-base sharing among municipalities so as to reduce competition for grand list growth between neighboring towns.



8. Support local efforts to identify, remediate, and redevelop brownfield sites.
9. Assist efforts to provide quality, cost-effective public and municipal services through intermunicipal cooperation.
10. Provide leadership in identifying key areas of regional economic significance and growth potential.
11. Work to develop intermunicipal cooperation in planning for the development of key economic development areas, as shown on Economic Development Areas of Regional Significance Map, found in the pocket at the end of this document.

C. Increase the Recognition of a Regional Identity

In places such as the “Silicon Valley” or the “Research Triangle,” many diverse municipalities have been united by a regional identity. Not only do these identities provide instant recognition of the region’s area of expertise or specialization to outsiders, they can act as a unifying force for residents and businesses within the region. In the Metro-Hartford region, the Hartford Image Project, “New England’s Rising Star,” is designed to achieve this and deserves our support.

With Bradley International Airport as its transportation and geographic center, the corridor between Middletown, Connecticut and Amherst, Massachusetts can be a more tightly-connected economic, educational, cultural, and institutional region. The interstate region including the cities of Hartford and Springfield must work closely to compete successfully with larger regions in the Northeast and the nation. In an attempt to focus on this area’s high quality of life, well-educated workforce, and abundance of top colleges and universities, the Hartford-Springfield Economic Partnership developed “New England’s Knowledge Corridor” as an interstate regional identity. It is hoped that this identity and the partnership across the Connecticut-Massachusetts border will foster a region that is economically competitive on a national and global scale.

Policy Recommendations

1. Coordinate efforts with the Pioneer Valley Planning Commission, the Central Connecticut Regional Planning Agency, and others to assist the Hartford-Springfield Economic Partnership.
2. Support efforts to improve regional self-image, a sense of regional community, and understanding of the importance of inter-regional and interstate cooperation.
3. Encourage continued efforts to improve Bradley International Airport as a transportation and economic driver.
4. Work with government and business leaders to strengthen connections and share resources between the region and its institutions of higher education.
5. Support increased international business development efforts and efforts to raise the region’s profile among corporate site selection specialists and foreign companies.
6. Support the devotion of more resources to branding, defining, and marketing the region in the national and global marketplace.

D. Maintain a Focus on Workforce Development

A Metropolitan New Economy Index recently published by the Progressive Policy Institute ranks Hartford second out of the 50 largest metropolitan areas in the percent of managerial, professional and technical jobs. This high ranking is the result of our region’s historic role as a center of the insurance industry and the strong presence of high tech firms supporting the aerospace and defense industries. Hartford also benefits from its position as the seat of state government.

At the same time, the Progressive Policy Institute report also lists the Hartford metropolitan area as 28th out of the 50 largest metropolitan areas in overall educational attainment. This raises concerns about whether young workers are entering our workforce as well prepared and equipped as earlier generations. It should be a priority of the region to assure that young people have good access to education and workforce training regardless of hometown or economic status. This





is particularly important as the 2000 U.S. Census indicates that more than 20% of the region's population under the age of 18 lives in the City of Hartford. Our skilled workforce is aging, and surveys of employers in the region highlight the increasing difficulty of recruiting qualified employees, particularly for technical, skilled, and semi-skilled production positions. All of our future workforce needs adequate education and training to continue the region's impressive record of productivity.

Because the Capitol Region's economic success is so closely tied to the high quality of our products and services, the ability to train, attract, and retain a skilled and educated workforce must be a central goal. This goal must be shared by the state, local school systems, the region's colleges and universities, and private businesses.

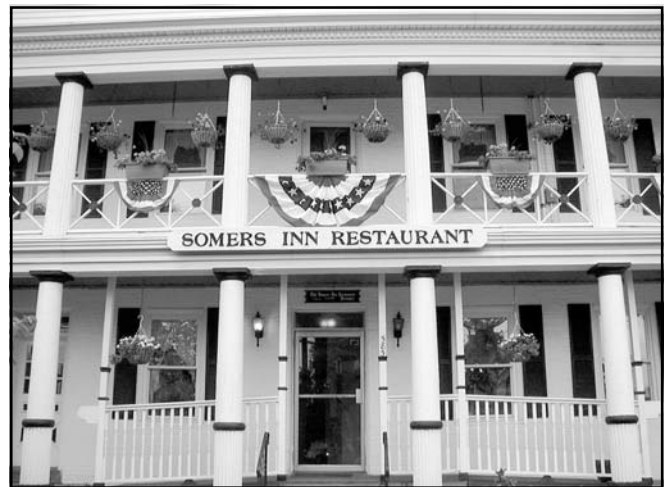
Policy Recommendations

1. Work to strengthen cooperation and participation between the region's schools and the business community to develop integrated education and job-training systems, including an expansion of vocational

- education and increased cooperation with community colleges.
2. Work with local business and government officials to market the region to young professionals, including continuing to develop Hartford as an attractive urban environment.
3. Support programs that seek to train unskilled persons, retrain unemployed or dislocated workers, and secure employment for the welfare-to-work population.
4. Encourage both public and private sector employers to be proactive in equal employment opportunity practices.
5. Focus significant education and job training efforts on technology training.
6. Increase educational options for all students and support improvements of public schools in the City and the region, including the continued development of magnet schools.
7. Assist in the inventory, assessment, and development of job training and graduate and young-professional retention programs in an effort to improve success in these areas.
8. Ensure transportation alternatives to support multiple shift jobs in cities and suburbs.

E. Support and Improve Regional Business Development Strategies and Efforts

The Capitol Region and the "Knowledge Corridor" benefit from a healthy mix of municipality types, geographies, and strengths. These strengths can create synergies if all municipalities recognize the importance of cooperation and participate fully and equally. Additionally, business development must involve not only the expansion of existing, established companies, but also the nurturing of the region's entrepreneurs and small-business community. Finally, energy must be



focused on maintaining and growing business in several key industry clusters¹ including financial services, insurance, information technology, aerospace manufacturing and precision machining, health services and management, distribution and logistics, and arts and tourism.

Policy Recommendation

1. Encourage job training and retraining programs in both private and academic sectors to attract and retain workers in key industry areas.
2. Support intermunicipal efforts to attract new insurance, health care, financial service, aerospace, precision machining, distribution and logistics, and information technology firms to the region, as well as retaining and expanding existing firms.
3. Assist in efforts to cultivate close ties between business leaders, academic leaders, and government officials to support commercialization of technology developed at both academic institutions and private research labs.
4. Support efforts to strengthen the entrepreneurial and small-business environments in the Capitol Region.

1. Key industry cluster categories were drawn from the MetroHartford Millennium Plan, the Department of Economic and Community Development, CERC, Inc., and Economic Development officials from across the region.

5. Support intermunicipal efforts to attract and locate regional-scale businesses for the benefit of the entire region.
6. Improve the quality and quantity of data available on the region to assist in marketing the region to prospective businesses (IEDC).
7. Support continued marketing of the region's arts and tourism opportunities.

