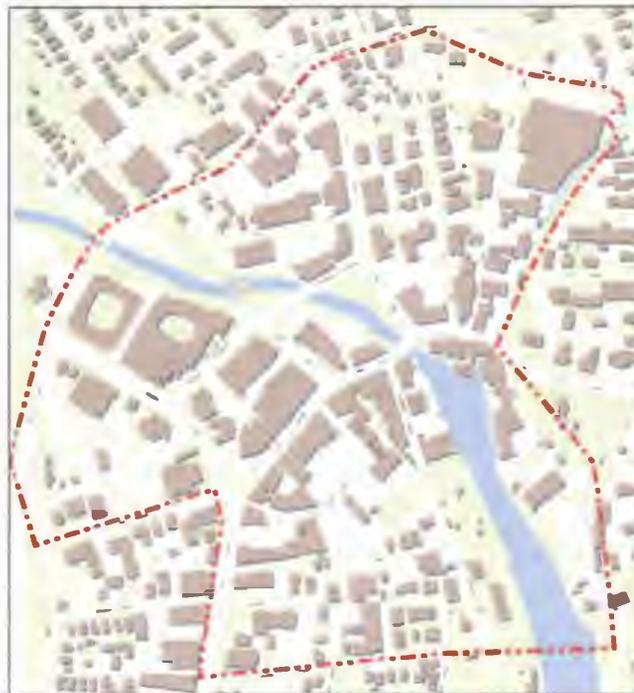


NORWALK WALL STREET AREA PLANNING UPDATE



Prepared for:
CITY OF NORWALK
and the
NORWALK REDEVELOPMENT AGENCY

Prepared by:
The Cecil Group, Inc.
Bonz/REA, Inc.
Vollmer Associates

June 2003

Introduction and Summary 1

Existing Conditions..... 3

Goals and Objectives..... 13

Market Overview 19

Alternative Development Scenarios 41

Land Use and Urban Design 49

Development Strategy 55

Cluster Development Concepts..... 59

Transportation and Infrastructure..... 69

Summary of Key Planning Elements 75

Implementation 81



The Wall Street area is the traditional downtown of Norwalk and has been a central location for business, civic and transportation activities since its colonial origins. The early center was established to take advantage of the natural crossing of the Norwalk River, where the tidal limits of Long Island Sound allow boats to reach a narrow inland harbor. The area has been subsequently shaped by cycles of commercial growth and economic decline. However, it has maintained a continuity of character throughout the years as a clustered core of businesses, civic uses, housing and shops that is linked to the image and civic life of the community.

Today, the Wall Street area holds new promise as a mixed use downtown area that can take advantage of current development trends and civic attractions while retaining a traditional form linked to its historic past.

The Wall Street Area Planning Update has been prepared by the City of Norwalk and the Norwalk Redevelopment Agency to help unlock key opportunities for this important district. This report articulates a vision that draws upon the strengths, resources and tools that will revitalize and reposition the district to best meet the community's goals for the future. The Planning Update proposes a program of specific actions to refocus public and private reinvestment initiatives for the next decade.

The Wall Street area has been the subject of several related planning initiatives over many years. Some of the planning efforts were triggered by the need to reconstruct significant portions of the area after a devastating flood destroyed a significant number of buildings and streets in 1955. Like other downtowns, the area also suffered from dramatic shifts in business and shopping patterns. Two significant efforts, the 1959 Urban Renewal Plan and the 1986 Business District Management Plan helped to reorganize land and parking supported new development and upgrading of the area's infrastructure. Special zoning was instituted to help shape the area. Several programs were instituted to encourage building improvements and to enhance the streetscape of the area.

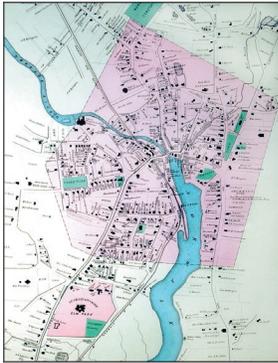
However, the Wall Street area has not achieved its full economic or civic potential. Its re-development has lagged behind its potential for several reasons. There has been a persistent mismatch between the land use patterns, parcel configurations and contemporary market needs for retail, commercial and housing uses. The proposed revitalization strategy is intended to reinforce the Wall Street area as a moderate density district with a remarkable diversity of uses. It will be composed of an attractive network of buildings, streets, parks and passageways that recall a traditional character that has regained value in the market place. While it will be a pleasant and attractive place for visitors, the area will largely be oriented towards those who live, work, or shop in Norwalk as a community center. The commercial, retail and civic uses will be complemented by a significant increase in residential uses, including a mix of affordable and market rate units. The district will be supported by multiple, convenient parking lots that serve clusters of uses. The Norwalk River will become a new focus of public access and development, while retaining the vital activity of a small harbor.

This Planning Update provides an overall strategy for positive change and is composed of a discrete list of initiatives. The principal elements of this strategy include:

1. Promoting multiple clusters of mixed use redevelopment that enhance the vitality and activity within the area.
2. Using public land assets to support new development and provide needed public parking in two locations: in the area along Isaac Street (south of Wall Street) and in the area near the High Street parking lot
3. Improving open spaces, pedestrian connections and walkways, including improvements adjacent to the Post Office, in the alleyway along the Yankee Doodle garage, to and along the Norwalk River, and connecting new developments to the existing streetscape.
4. Reorganizing the intersection of West Avenue, Belden Avenue and Wall Street to be more attractive, safe and provide for key parking needs.
5. Enhancing operations and attractiveness of the Yankee Doodle Garage
6. Restoring the historic theater on Wall Street
7. Creating additional parking through reorganization and improvements within the area behind the Norwalk Library
8. Planning and implementing expansion of the Norwalk Library
9. Providing enhancements and new open space connections for Mill Hill Park and the River
10. Providing necessary roadway and intersection improvements to keep pace with the revitalization of the district, including the Cross Street/Route 1 corridor
11. Using an amended Urban Renewal Plan and revisions in zoning to promote appropriately scaled redevelopment, a mix of market-rate and affordable housing, and preservation of the historic resources of the area.

The planning process was initiated by the Mayor, and conducted through the combined efforts of the Mayor's office, The Norwalk Redevelopment Agency and other participating City agencies. This update was aided by a City-appointed Wall Street Advisory Committee and the has received the input of the Wall Street Advisory Committee in the area. The process included an active outreach and consultation process with a variety of public officials and stakeholders in the future of the area, and benefitted substantially from the participation of many citizens through a series of public presentations and discussions.

A consultant team assisted in the planning update effort. Led by The Cecil Group who provided urban design and urban planning, the team included Bonz/REA (development and economic planning) and Vollmer Associates (transportation, infrastructure and open space planning).



Planning Background

Wall Street has been at the core of the historic business center in Norwalk since its early years. Characterized at first by the location of banking, commercial and hotel uses, it later became known as a thriving retail and shopping district. Originally a mail stop along the Post Road at the place of crossing the Norwalk River, the Great Bridge and the surrounding taverns and inns soon became “the hub of Norwalk proper”, as Deborah Wing Ray and Gloria P. Stewart brightly describe in their book *Norwalk*. By the 1840s there were two good hotels in the Wall Street area – the Norwalk Hotel on today’s River Street, and the Connecticut Hotel located at St. John Place, near today’s intersection of Wall and Main Streets.

The Wall Street area continued to flourish as the historic business downtown during significant periods and events, such as the Civil War, the advent of the railroad and the car, and the development of large department stores. In October of 1955, a catastrophic flood destroyed the Cross Street Bridge and the majority of the buildings located on both sides of the river between Cross Street and Wall Street. As a result of the flood, the Federal Government intervened to provide assistance for repairs and restorations through urban renewal funds.



Project Area Boundaries

This planning study is focused on the area bounded by the following roads and urban features:



- Cross Street and North Avenue/Route 1 to the north
- The East Avenue Historic District and Mill Hill to the east
- Mott Avenue and Chapel Street to the south
- West Avenue and Byington Place to the west

The 1959 Urban Renewal Plan

Urban renewal efforts after the flood culminated in the creation of a plan for the Wall-Main Urban Renewal Area, approved in 1959. The plan called for “slum clearance and

redevelopment” with some incidental rehabilitation of other properties. As a result, new roadway and infrastructure layouts were created that shaped the street network of the area, as we know it today. Some of these improvements were the following:

- Widening and extension of Belden Place to meet Main Street, and construction of a new bridge over the New York, New Haven and Hartford rail line and the Norwalk River (Burnell Boulevard)
- Construction of a new Cross Street Bridge
- Creation of a large redevelopment parcel bounded by Belden Avenue, Cross Street, the Norwalk River and Belden Place (Burnell Boulevard) which later became the site of the Norwalk Mall
- Creation of a municipal parking lot between River Street and the river
- Construction of Freese Park between the river and Main Street
- Creation of a municipal parking lot, and a small redevelopment parcel facing Wall Street between Main and High Street
- Construction of the Yankee Doodle Parking Garage

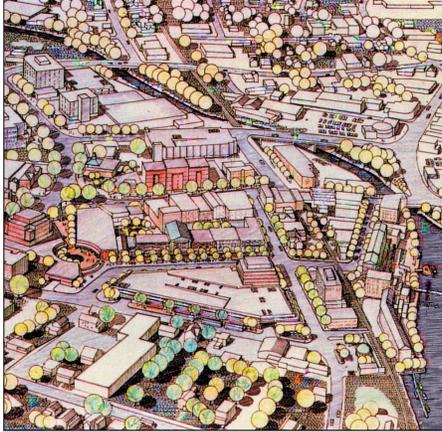


The 1986 Business District Management Plan

Almost 30 years later, the Norwalk Business District Management Plan recommended planning concepts, design guidelines, streetscape and transportation improvements, and an implementation strategy that served to “establish a clear program for phased mixed-use development.” The plan was intended as a vision and a management program for the future. Some of the key provisions of the plan included the following:

- Establish the Wall Street area as the civic center of Norwalk, and an area targeted for significant public and private redevelopment efforts
- A new corridor for mid-rise development is established along West and Belden Avenues, with high density housing, office and retail development
- The area centered on Wall Street, Isaac Street, and River Street will become the mixed-use core of the district, with emphasis on retail uses along the street edges, offices and housing; new development should reinforce the village scale
- Housing would be located along the waterfront, with a strong emphasis on the reorganization and redevelopment of the “Harborhead” area near the Wall Street Bridge.

-
- A system of open spaces was envisioned to strengthen the business district's identity and character, including new plazas and promenades, pedestrian connections to the waterfront, and new public spaces along the water



In retrospect, the 1986 plan was perhaps excessively optimistic regarding the market outlook for the development of high density uses in the Wall Street area. It was difficult to foresee at that time that an economic recession would hit just in a few years, and a significant part of the demand for commercial space would later shift to other locations, such as South Norwalk and Merritt Seven.

Another aspect of the plan that never took hold was the vision for housing development along the waterfront. Today we recognize that retaining the existing industrial uses is essential to the character, vitality and economic success of the district.

Despite market setbacks, the 1986 plan set the basis for a revitalization concept based on mixed-use redevelopment strategies, and the idea of creating a “mixed-use core” centered on Wall and Isaac Streets. Direct results of the plan are infrastructure and streetscape improvements along Wall Street, and some successful historic building renovations.

Wall Street Today

The Wall Street area is characterized today by the presence of traditional low-rise buildings, many of which date back to the late 1800s and early 1900s. Important historic landmarks such as the Norwalk Public Library, the Norwalk Post Office, the Wall Street Theater, Fairfield County Savings Bank, St. John Place, and the Wall Street Bridge contribute to the urban design character of the district.

Revitalization efforts that followed reconstruction after the flood of 1955 resulted in important infrastructure works and investments that define the existing street and transportation network. The Pulse Point is the central location where all the City buses converge on a carefully coordinated daily schedule. The Yankee Doodle Garage, which provides about 400 public parking spaces at the core of the Wall Street area, is another product of urban renewal plans.



However, and in spite of public investment and efforts to revitalize the district, the Wall Street Area has not reached yet its fullest potential. Many of the existing buildings are underutilized, and some of them remain vacant. Updating traditional and historic buildings is very difficult due to floor plate inefficiencies, and the need to meet modern code

requirements. Prevailing commercial rents in the order of \$8 to \$16 per square foot of retail, and \$14 to \$20 per square foot of office space, do not allow much economic flexibility for reinvesting in building improvements.

The buildings located along the northern edge of Wall Street, on the block of the Yankee Doodle Garage, have seen a recent increase in commercial renovation and leasing activities (e.g., World Gym moving into 84 Wall Street). The buildings on the southern side of Wall Street have not been so successful. Some are partially occupied by low-end commercial venues, and some are vacant (e.g., the former bank offices at the corner of Wall and Isaac Streets). Efforts are currently underway to preserve and rehabilitate the existing theater on Wall Street.



To the east of Main Street and along East Wall Street, vestiges of the historic past are also visible. The Old Trolley Barn building has been successfully renovated and fully occupied for several years. However, other significant buildings such as the historic Locke Building, which includes the oldest public hall still standing in Norwalk and commands impressive views of the river, are in deteriorated conditions and could be rehabilitated. The urban space defined by the intersection of Wall, Main, High and Knight Streets used to be the pivotal location where the Post Road came in contact with the head of the harbor. Once the center for commercial activities, today it has lost its luster and has been overcome by traffic.

The Norwalk River is the main natural feature that characterizes the Wall Street area, although it is hardly visible or noticeable from Wall Street itself, except when crossing the Norwalk Bridge. Up to the point where the bridge stands at the intersection of Wall and Main Streets, the river is narrow and runs fast between steep sloping walls. After the bridge, the river expands to become the head of the harbor. The Norwalk Harbor is a working harbor, with a Federal Channel that provides deep-water access to industrial and recreational facilities located within the project area (e.g., Devine Brothers, the O & G Industries, and the Norwalk Boat Club).



The river and the harbor are two key landscape elements that make the Wall Street area rich and unique, and they need to be recognized and incorporated into any planning vision for the future.

Summary of Key Issues

The following is a summary of planning issues and challenges that affect the Wall Street area Planning Update. The list has been compiled as a result of site visits and observations, analysis of available data and information, and input from the City's Project Staff, the Wall Street Advisory Committee, the Property Owners Group, and all the people who participated in meetings and interviews during the planning process.

Land Use and Urban Design

- Old and historic buildings of significant urban design character, in strong need of repair and costly renovations
- Zoning emphasis on commercial uses, at a time when market demand for commercial space is limited
- Small land parcels and building floor plates that do not meet current market needs and requirements



- Perception of lack of parking at convenient locations
- Pedestrian activity that winds down after business hours, except by a few isolated spots
- Perception of lack of safety at many locations
- Lack of access and visibility to the Norwalk River
- Dilapidated buildings along Smith Street convey a negative image and impair access to the water's edge

Economics and Development

- Attracting residents and visitors that will support a revitalized commercial district will require a concerted set of actions
- Large volume of commercial space remains vacant or underutilized in spite of low rents
- Zoning requirements and the average size of land parcels do not support effective and attractive residential development
- Need to maintain the character of the Harbor as a working harbor (retaining industrial uses)
- Need to find new ways to attract reinvestment in properties in the area

- Potential conflicts between the needs of industrial uses and the potential for future development of other uses nearby
- Need for more practical strategies to preserve and enhance as much of the historic fabric as possible
- Need to define the “highest and best uses” that could initiate and sustain revitalization efforts
- Find ways to unleash the market’s full potential for private development



Transportation and Parking

- Peak hour traffic congestion at key perimeter intersections
- Odd configurations at Wall Street/West Avenue, Wall Street/Main Street and Route 1/Main Street intersections
- Signals and configuration at key intersections divert traffic from traveling through Wall Street
- Proximity of side streets along Wall Street results in short turning lanes and frequent lane changes for thru-traffic
- Perceived shortage of convenient parking throughout the district
- Preservation and availability of on-street parking in active commercial areas
- Intensity of land use concentrated at the center of the district depends upon structured parking at the Yankee Doodle Garage
- Need for more partnerships between public and private entities to optimize the use of existing at-grade parking
- Coordination of use and demand for parking at the Yankee Doodle
- The Pulse Point provides convenient citywide transportation access; however, it also generates traffic congestion and high volume of transient population in the area



Streetscape and Open Space

- Need to maximize the benefits of streetscape improvements with limited funding
- Creating a cohesive look for new streetscapes with phased implementation
- Perception of excessive roadway pavement at some locations
- Need to improve design and signage at intersections on the perimeter arterial roadways



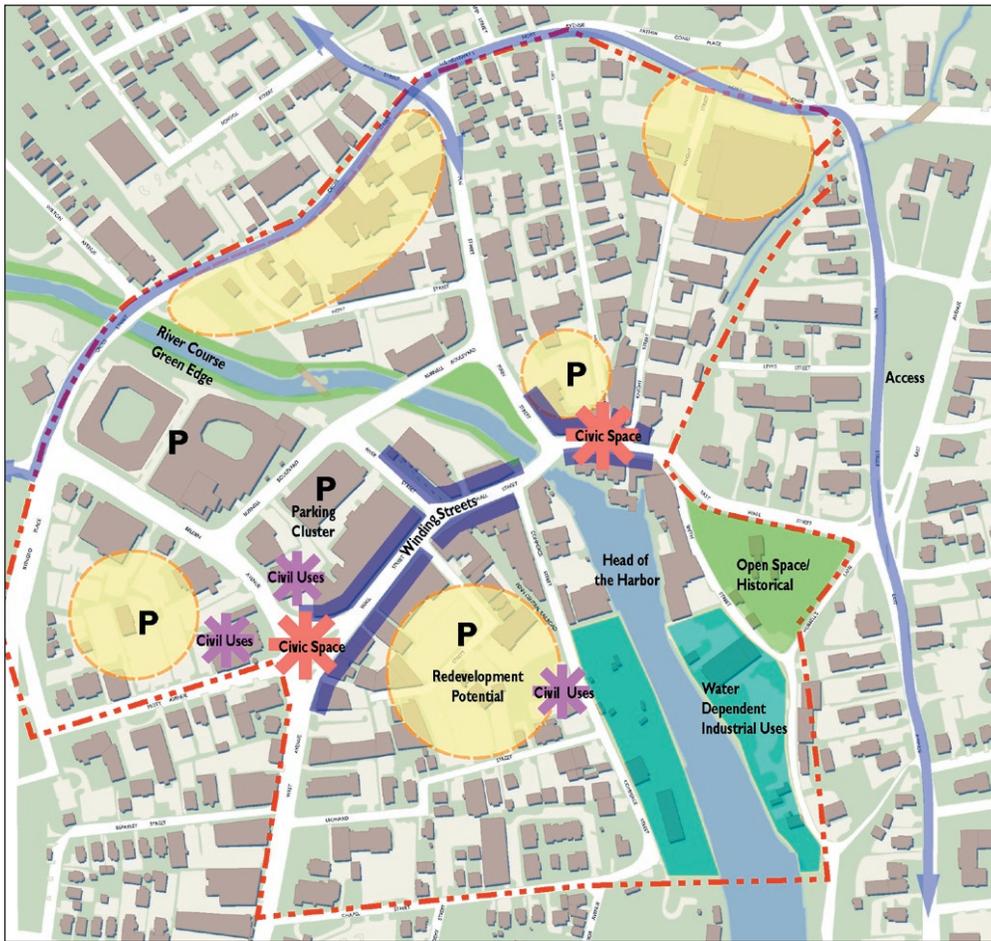
- Lack of pedestrian-level lighting at many locations
 - Existing parks and open space lack in maintenance and public amenities
 - Density of existing development makes it difficult to establish pedestrian connections
 - Lack of pedestrian links between Wall Street and the Town Green
- Lack of land available along the river (public and private) for visual and recreational amenities

Opportunities and Constraints

The Wall Street area offers ample opportunities to experience the cultural, natural, entertainment, and historic diversity of Norwalk. Public services, office space, unique theaters and restaurants, and access to citywide transportation provide opportunities to support and attract a diverse population. The foundation is well placed to revitalize Wall Street into a more lively and attractive destination through the incremental infusion of residential and commercial development. The civic center including the Norwalk Public Library, Post Office and State Court House, are main stays that will always attract visitors. These are cornerstone land uses whose patrons should be tapped to support other activities.

The Norwalk River is an underutilized visual and recreational resource. Over the years development has carved away at the river's fringe. What remains is essentially a river corridor with man-made narrow and steep banks. Remarkably, vegetation has managed to establish along the riverbank. There remain attractive and potentially signature views of the river at a few locations. These views and vantage points need to be enhanced; they offer resources that residents, visitors and workers can enjoy and appreciate.

Constraints, such as parking and a perceived low level of safety, can be overcome. Although there may not be a parking shortage in the overall district, there are strong feelings from visitors and local businesses that convenient and clearly delineated public parking is in short supply. Property owners generally feel that the lack of on-street parking and on-site parking potential are threats to business sustainability.



Specific opportunities and constraints for the revitalization of the Wall Street area include the following:

Opportunities

- Renewed interest from people in the region on the benefits of living and working in historic urban districts
- Substantial presence of interesting historic architecture and civic amenities (e.g. the Norwalk Public Library, Post Office, the Wall Street Theater, restaurants and shops).

-
- Untapped market potential for lifestyle renters and senior housing; potential niches for artist live/work space and local service retail
 - New Avalon development proposed for the Norwalk Mall site underscores the potential to attract new residents to the area (312 residential units)
 - Presence of local developers interested in considering redevelopment prospects for the future
 - Over 20 existing restaurants and food establishments indicate opportunities to market and strengthen the qualities of the district as a restaurant center
 - Large public and private parcels are available in the perimeter of Wall Street that could be used to provide parking and spur new development
 - Natural topography offers opportunities for the creation and enjoyment of interesting views of the district and the harbor
 - The river and the harbor are recognizable natural features that should become the open space focus for the district
 - Potential to implement streetscape improvements to link public commercial areas with new development, pocket parks, and the river/harbor open space
 - Possibility to capture excessive roadway pavement areas wherever feasible and increase pedestrian areas, sidewalks and parks
 - Opportunities to redesign the roadway intersections at Wall/Belden/West Avenues and Wall/Main/High/Knight Streets, in order to improve traffic circulation and streetscape character
 - Opportunities for long-term transportation improvements (e.g., potential relocation of the Pulse Point, development of a commuter rail stop, implementation of a bikeway corridor along the river, ferry connections to SoNo, etc.)

Constraints

- Lack of demand to support and fully occupy all commercial buildings
- Strong competition with other business centers within the city and the region
- Difficulties of preserving the historic buildings and places that are contributing to the image and heritage of the district (e.g., high cost of renovations, building code, ADA requirements, etc.)

-
- Scarcity of public funds that could be invested in improving public space and infrastructure
 - Current zoning restrictions to the development of residential units larger than 1-bedroom
 - Small size of average parcels limits the possibilities of assembling large redevelopment sites
 - Lack of clarity in the hierarchy of streets at intersections tends to divert traffic from traveling through the district, discouraging potential customers
 - Topography slows down traffic and impairs visibility at some locations
 - Potential restrictions by regulations affecting uses, setbacks and runoff along the river
 - Environmental constraints to the redevelopment of likely contaminated sites along the harbor
 - Dependence on state and federal sources for funding of major environmental and infrastructure improvements

Vision Statement

The Wall Street area should be a true downtown, in scale with the Norwalk community, aligned with its historic past and providing a balance of uses that principally serve the people who live and work within the district, in the surrounding neighborhoods, and in adjacent communities.

- *The entire district should welcome diverse uses and users by providing pleasant places to live, work, shop and recreate..*
- *New buildings should complement and continue the tradition of the preserved fabric of historic buildings found here.*
- *The area should be distinguished by its network of winding, small-scale streets and passageways and by the opportunity to see and enjoy the passage of the Norwalk River through the district.*
- *A great place to walk, the area should have convenient parking and excellent vehicular access.*
- *The Wall Street area should retain its role as a center for the community, with the library as its civic focus.*
- *The clustering of different uses should become one of the recognized strengths of the area through design and a neighborly approach to the activities that occur here.*
- *The Wall Street area should be marked by the ability to simultaneously attract and serve people of diverse social and economic circumstances.*

Plan Goals and Objectives

Uses and Character

Goal: The Wall Street area should support a vital mix of uses that are planned and designed to be compatible and contribute to its identity as an attractive and valued place to live, work and visit.

Objectives:

- Significantly expand the amount and variety of housing within the Wall Street area, including both market rate and more affordable housing opportunities.
- Retain water-dependent uses along the waterfront as a regional resource.
- Provide for a balanced mix of retail, restaurant, and service and entertainment businesses that are destinations for those who live or work within the area and its surrounding communities.

-
- Provide for office and commercial uses that are attracted to a mixed-use environment.
 - Retain and expand appropriate civic uses in the Wall Street area, focusing on the library as a citywide “common”.
 - Provide for an active, extended day and evening district, but avoid uses that would make this a “24-hour” district – the residents’ needs must be respected in the context of an urban area.
 - Reduce automobile-oriented commercial enterprises over time.

Economic Goals and Benefits

Goal: The Wall Street area should support significantly expanded business and investment opportunities that will, in turn, expand the tax base so that the financial contribution of the area substantially exceeds the City’s related costs.

Objectives:

- Support reparcelization and redevelopment initiatives that simultaneously create economic benefits and meet the other goals for the Wall Street area.
- Recognize the value of affordable housing as a critical factor in the economic health of the community, and support a balanced approach to expand affordable housing within the mix of uses in the Wall Street area.
- Ensure that short-term private or public actions will enhance the long-term real estate and development values for the district as a whole.

History and Historic Character

Goal: Preserve both outstanding historic buildings and the composition of buildings, streets and places that make will make this area unusual, interesting and valuable in the future

Objectives:

- Preserve the buildings and places that contribute significantly to the image of Norwalk and its heritage.
- Promote appropriate and imaginative adaptive reuse that retains the essential architectural elements of the past.
- Provide for interpretive and artistic elements that help link the past to the present

-
- Retain the relationship of building clusters, streets and open spaces that distinguish the district.
 - In some cases, provide for moving or reorganizing historic buildings or complexes to create more appropriate and coherent siting and accommodate appropriate new development

Identity, Image and Quality

Goal: Promote a high quality image for the area as a safe, clean and interesting district that has the positive qualities of a small city “downtown”.

Objectives:

- Promote a moderate and mixed scale of development in terms of building heights and massing.
- Provide high quality architecture and landscape architecture that are responsive to the traditional scale, articulations and setbacks of the urban-style buildings and small-city environment of the Wall Street area.
- Ensure that new development is compatible with – but does not mimic – the genuine architectural heritage of Norwalk and the district.
- Provide high quality in the public realm through investment in streets, sidewalks, landscape, parks, bridges, and parking lots.
- Provide an attractive way-finding signage system and identification program.

Transportation, Circulation and Parking

Goal: Provide a network of streets and convenient parking – both public and private – that directly support the mixed-use district and ensure that it is a convenient and attractive place to shop or visit.

Objectives:

- Through public or joint public/private initiatives, ensure that there is a substantial supply of publicly-available parking that is perceived as safe and convenient for patrons of businesses, restaurants, stores, entertainment venues and civic uses in the area.
- Ensure that there is an adequate supply of parking within the downtown for the residential needs and employee parking that does not conflict with the provision of parking for visiting patrons of the Wall Street area.

-
- Provide on-street parking wherever it is safe and practical.
 - Promote circulation patterns that are conducive to a clear and convenient access to and from the downtown and that support the mixed-use environment.
 - Include traffic-calming measures to promote pedestrian links throughout the Wall Street area.
 - Promote improvements to the Pulse Point that make it both more attractive and effective as a transit node.
 - Support potential opportunities to relocate the Pulse Point in other locations in Norwalk that may arise, but ensure continued excellent transit links between the Wall Street area, the South Norwalk transit station, and SoNo.
 - Promote new pedestrian links and bicycle travel, where possible.

The River and its Edges

Goal: Enhance the Norwalk River and its edges as unique features within the Wall Street area.

Objectives:

- Expand view opportunities to the River from public vantage points.
- Protect the ability of commercial and recreational boats to use the River channel.
- Create walkways, lookouts, and active access points to the water and its edges wherever it is practical.
- Provide for improvements in and around the Harborhead area as a focus for the surrounding district.

Streets, Public Places and Open Spaces

Goal: Reinforce the pattern of picturesque streets lined with buildings, small open spaces and networks of pedestrian connections throughout the Wall Street area.

Objectives:

- Recognize the value of several of the narrow, building-lined streets and lanes as a positive element that can be mirrored or reinforced by a combination of renovation and new development.

-
- Create attractive “squares” with streetscape and landscape amenities at either end of Wall Street, serving as gateways to the center of the district.
 - Provide attractive, tree-lined streets and streetscapes that are pleasant for motorists and pedestrians alike.
 - Create new “through-block” passages that link parking to the other uses in the Wall Street area.



- Enhance a green, park-like edge along the Norwalk River above Wall Street.
- Enhance the public open spaces throughout the district.



Summary of Findings

The following is a summary of key findings regarding the Wall Street area market conditions and the area's general prospects for revitalization.

1. Market Context

The project area occupies a central location in an affluent market. While the area does not anticipate rapid growth, its affluence, its accessibility to key business locations, and the generally positive outlooks for Fairfield County's economy provide strong assets for new development potential.

2. Residential Market Opportunities

Residential projects offer the strongest opportunities for new development in the project area. Such projects will derive support from ongoing growth in the region's high-income groups.

- The luxury rental apartment market shows signs of saturation, but the market has demonstrated its acceptance of such products in the Wall Street area and throughout coastal Fairfield County.
- Condominium development activity has been limited in recent years, but strong growth among upper-income empty nesters, along with rapid price appreciation in the local market, indicate that this market niche also offers potential.
- Mixed-income projects should also prove viable in the area, as well as live/work products targeting artist, artisan, or professionals seeking to combine dwelling units with small business space.
- Senior housing represents an underserved niche in an area with a growing number of income-qualified senior households.

3. Commercial Development Opportunities

Commercial development opportunities will be limited to ground-floor spaces in residential buildings situated on the project area's major streets. As new residential development proceeds, however, new residents will enhance business opportunities for increasingly desirable tenants in the area's existing street front spaces. These enhanced opportunities will gradually facilitate upgrades to tenant profiles, lease rates, and revenues, thereby contributing to building maintenance and improvements.

4. Prospects for Revitalization

In general, the necessary catalysts for revitalization include public improvements as well as the initial development of new residential projects including apartments, condominiums,

and possibly projects oriented toward artists or live/work uses. Such projects can generate new consumer spending that will in turn support new investments in local businesses and properties. As this progression of investments begins, and as the regional and national economies recover from the current downturn, the project area should begin to attract increasingly desirable businesses and development projects.

Strategic Redevelopment Concepts

- Revitalization based on residential development: In the short-term, the residential market offers the strongest opportunity for new upscale development in the project area. The City should target such development, with the possible inclusion of artist loft housing and senior housing concepts, in order to enhance the general vitality and desirability of the area.
- Catalysts on City-owned properties: Use municipal parking lots not only for parking, but as leverage in attracting public/private projects that can serve as catalysts for further development.

Potential Development Programs

Over the next five years, the project area can offer potentially feasible development opportunities. In a short-term time frame, the strongest opportunities would involve residential projects including:

- Luxury rental apartments, typically in low- to mid-rise (3- to 4-story) buildings. Such buildings would feature extensive amenities -- including ground-floor retail space in some cases -- and would charge high-end rents approximating an average of roughly \$1.80 to \$2.00 per square foot (2003 dollars). Most projects would offer one- and two-bedroom configurations (including units with den or loft areas), and there would be lesser potential for studio and three-bedroom units. Buildings would typically offer covered parking situated below the building footprint. Typical development densities would approximate 60 units per acre.
- Luxury condominiums in low- to mid-rise (3- to 4-story) buildings. Most condominium projects would seek waterfront settings or other locations adjacent to desirable amenities. Projects would emphasize two- and three-bedroom units; prices would approximate roughly \$200 per square foot initially. Buildings would also offer covered parking, typically situated below the building footprint. Typical development densities would approximate 60 units per acre. While this type of project may offer a strong opportunity in the short- as well as long-range future, in the short-term, most projects would feature a smaller scale (e.g., 20 to 60 units) than typical apartment buildings. This opportunity will grow increasingly attractive as the project area gains enhanced recognition as a desirable residential location.

-
- Other potential residential development opportunities would involve (1) mixed-income housing, and (2) artist loft housing. Mixed-income housing would combine market-rate units with varying components affordable to households with incomes of 60 to 80 percent of the area's median income levels. Artist loft or "live/work" housing may also offer a limited volume of opportunity. Such housing typically features high ceilings and open configurations; most projects of this nature include a substantial subsidized/affordable component. Both of these housing formats would require public funding in various forms, possibly including federal tax credits, tax-exempt bonds, and other local and/or state funding programs.
 - Independent living senior housing products: As the project area establishes itself as an attractive residential location, it should prove attractive for various forms of rental, condominium/coop and other market-rate senior housing developments. In general, however, the economics driving such projects require substantially higher development densities (up to three times higher in many cases) than non-age-restricted housing forms. This density requirement is mitigated somewhat by comparatively small sizes for dwelling units and by lower parking requirements, since most units would require only one car (plus visitors). Such developments are not likely to be included among the project area's near-term development projects.

Market Context

The project area occupies a central location in an affluent market, and offers convenient commuter access to employment concentrations throughout Fairfield County, parts of Westchester County (NY) and New York City. While the area does not anticipate rapid growth, its affluence, gradual but ongoing growth, and proximity to key business locations should enable it to support various types of new market-rate development. The discussions in this section present a general overview of community profiles, demographic trends and economic conditions in Norwalk and the broader context of Fairfield County. This regional context frames the general outlook for prospective developments in the project area.

Demographic Trends and Projections

Population and Households

The City and its surroundings are for the most part built-out and do not anticipate rapid growth. Nonetheless, population and household growth are projected to continue at gradual rates. As shown in the exhibit below, both Norwalk and Fairfield are expected to maintain recent growth rates of roughly 0.6 to 0.7 per year. Even at annual growth rates below 1 percent, however, the City of Norwalk is expected to grow by more than 1,000 households over the next five years. To the extent that the project area is successful in creating a redeveloped setting attractive to developers as well as new renters and condominium buyers, the City's growth rates as currently forecasted could increase.

Exhibit 1
GROWTH TRENDS AND PROJECTIONS
NORWALK AND FAIRFIELD COUNTY: 1990-2007

	1990	2000	1990-2000 Avg. Ann. Growth	2002	2007	2002-2007 Avg. Ann. Growth
<u>Population</u>						
Norwalk	78,331	82,951	0.6%	83,807	85,978	0.5%
Fairfield Co.	827,645	882,567	0.6%	894,032	922,213	0.6%
<u>Households:</u>						
Norwalk	30,560	32,711	0.7%	33,127	34,135	0.6%
Fairfield Co.	305,011	324,232	0.6%	328,434	338,747	0.6%

Source: Claritas, Inc.; U.S. Census Bureau.

Household Income Characteristics

Household growth in Norwalk and Fairfield County will focus primarily on upper-income households. As shown in Exhibit 2, the number of households with incomes below \$100,000 is expected to decline, while households with incomes in excess of \$250,000 are expected to show the highest growth rates. In general, these data offer evidence of an increasingly affluent market area that could most likely support additional upscale housing.

Exhibit 2
HOUSEHOLD INCOME COHORTS
NORWALK AND FAIRFIELD COUNTY: 2002-2007

	Norwalk			Fairfield Co.		
	<u>2002</u>	<u>2007</u>	<u>Change</u>	<u>2002</u>	<u>2007</u>	<u>Change</u>
Less than \$25,000	3,848	2,801	-1,047	40,213	31,424	-8,789
\$25,000 - \$34,999	1,876	1,839	-37	19,605	17,858	-1,747
\$35,000 - \$49,999	3,414	2,470	-944	31,357	25,636	-5,721
\$50,000 - \$74,999	6,044	5,394	-650	51,860	45,007	-6,853
\$75,000 - \$99,999	5,556	4,722	-834	46,411	41,485	-4,926
\$100,000 - \$149,999	6,159	7,136	977	56,880	61,179	4,299
\$150,000 - \$249,999	4,800	5,936	1,136	51,518	58,475	6,957
\$250,000 - \$499,999	1,090	3,065	1,975	19,654	38,447	18,793
\$500,000 +	340	772	432	10,936	19,236	8,300
Total	33,127	34,135	1,008	328,434	338,747	10,313

Source: Claritas, Inc.

Median household incomes in Norwalk, the Norwalk/Stamford primary metropolitan statistical area (PMSA) and Fairfield County all exceed the statewide median income. Within the generally affluent Fairfield County market, however, Norwalk's median household income falls somewhat below those of Stamford and the overall county.

Economic Base

Fairfield County's economy rests on employment (compiled by place of work) in services, retail trade and manufacturing. Services represent the largest component of the economy, accounting for more than one-third of all jobs in 2002. Within this broadly defined sector, employment is concentrated in professional sectors such as business services, health services, social services and engineering/management services.

Notwithstanding the current regional and national economic downturn, over the next five years, these sectors are expected to maintain recent patterns of growth. Over the next five years, the overall services sector is expected to grow by more than 17,000 jobs; the dominant, professional services (business, health, social, engineering) categories are projected to grow at rates of 2.0 to 3.5 percent per year.

The finance/real estate/insurance sector is also expected to show significant growth, adding more than 6,000 jobs over the next five years, achieving an annual rate of 2.7 percent per year.

During this same time frame, other significant sectors such as retail trade and government are expected to maintain more modest growth trends, with retail trade increasing at a rate of 1.2 percent annually. The county's manufacturing sector is expected to continue its recent pattern of decline, losing more than 3,000 jobs as manufacturing employment falls from 98,000 in 1990 to roughly 59,000 in 2007

Exhibit 4
EMPLOYMENT TRENDS AND PROJECTIONS (th's of jobs)
FAIRFIELD COUNTY: 1990-2007

	<u>1990</u>	<u>2000</u>	1990-2000 Avg. Ann. Growth		Est. <u>2002</u>	Proj. <u>2007</u>	2002-2007 Avg. Ann. Growth	
			#	%			#	%
<u>Industry Group</u>								
Mining	0.26	0.14	-0.01	-5.8%	0.09	0.14	0.01	10.1%
Construction	14.17	15.21	0.10	0.7%	14.82	14.26	-0.11	-0.8%
Manufacturing	97.71	69.47	-2.82	-3.4%	62.04	58.93	-0.62	-1.0%
Transport., Comm. & Public Util.	18.67	18.85	0.02	0.1%	18.88	20.06	0.24	1.2%
Wholesale Trade	24.44	22.36	-0.21	-0.9%	21.04	22.17	0.23	1.1%
Retail Trade	70.47	73.23	0.28	0.4%	70.16	74.48	0.86	1.2%
Finance, Insurance & Real Estate	33.67	42.78	0.91	2.4%	43.19	49.41	1.24	2.7%
Services	112.40	145.62	3.32	2.6%	146.32	163.89	3.52	2.3%
Business services	22.66	38.75	1.61	5.5%	36.78	43.71	1.39	3.5%
Health services	30.97	37.26	0.63	1.9%	38.70	43.85	1.03	2.5%
Social services	7.03	11.32	0.43	4.9%	11.67	12.90	0.24	2.0%
Engineering & mgmt. services	14.14	15.76	0.16	1.1%	16.63	18.75	0.42	2.4%
Government	41.38	46.97	0.56	1.3%	47.07	46.78	-0.06	-0.1%
TOTAL NON-FARM	413.16	434.63	2.15	0.5%	423.60	450.12	5.30	1.2%

Source: *economy.com*

Development Opportunities

This section presents overview analyses of the general development sectors that may offer opportunities in the project area.

Residential Market

Norwalk's central and strategic location in Fairfield County can enable new residential developments in Norwalk to draw new residents from throughout the county. Accordingly, the following analyses will examine countywide demographic profiles and growth. Investigations of other comparable or competitive properties, however, will focus more closely on directly competitive properties within more locally defined regions.

Rental Market Opportunity

Within a near-term time frame (approximately two to five years), rental apartments present the strongest market opportunity for the project area. The following points support this conclusion:

a. Regional Lifestyle Rental Market

Luxury apartments targeting “lifestyle” renters (high-income households opting for the convenience of upscale rental living arrangements despite possessing the means for purchasing desirable homes) have gained market acceptance in Stamford, Norwalk, and other nearby locations such as Wilton and New Canaan. High-end apartment properties in the region extending from Stamford on the west to Wilton on the north-east will compete for householders commuting to employment destinations in New York, Stamford, Norwalk, and other coastal locations in Fairfield County. In Norwalk, luxury apartments serving this niche (with rents approaching \$2/square foot/month) have been successfully absorbed in the project area and nearby locations, indicating the local market’s acceptance of such products. While the luxury apartment market in the region currently exhibits signs of weakness, it should regain stability as the economy resumes growth over the next three to five years.

b. Competitive Market

In recent years, a number of new luxury rental developments have been built in the local market area. The following exhibit identifies the luxury rental developments that are most likely to compete with new luxury apartments in the project area.

Exhibit 5

COMPETITIVE LUXURY APARTMENT COMPLEXES

Name	Location	Built	# Units
Merritt River Apartments	Norwalk	2002	227
Clocktower Close	Norwalk	1985	129
Riverview	Norwalk	1991	92
Corset Factory	Norwalk	1980s	81
Trolley Barn	Norwalk	1988	24
Avalon New Canaan	New Canaan	2002	104
Avalon Springs	Wilton	1996	102
Archstone Stamford	Stamford	2002	160
The Fairfield	Stamford	1995	263
Southwood Square	Stamford	2001	315
Avalon Corners	Stamford	1999	195
Avalon Glen	Stamford	1991	238
Avalon Grove	Stamford	1996	402
Avalon on Stamford Harbor	Stamford	2002	323
Park Square West	Stamford	2001	143
Avalon at Greyrock Place	Stamford	2001	306
Avalon Bedford	Stamford	1960	388
Total Units			3,492

Source: Bonz/REA, Inc.

In general, monthly rents at most of these apartment complexes range from roughly \$1,450 to \$2,000 for one-bedroom units and from \$1,700 to \$2,300 for two-bedroom units. On a per-square foot basis, monthly rents range from \$1.50 to \$2.25. In general, though, developers perceive that properties in Stamford should command premiums of ten to fifteen percent, on average, to Norwalk properties.

In recent years the market has shown signs of weakness, particularly in Stamford, as vacancy rates have risen and new properties have introduced free rent concessions in their leasing campaigns. Overall, despite recent signs of weakness, properties that have achieved stabilized occupancies have been able to maintain an overall stabilized occupancy rate of 94 percent. When properties in initial lease-up are included, new and unleased units reduce the overall occupancy rate to 89 percent (as would be expected).

Exhibit 6

OCUPANCY RATES AT COMPETITIVE LUXUTY APARTMENT PROJECTS

<u>Property</u>	<u>City</u>	<u>Built</u>	<u>Total Units</u>	<u>Units Occupied</u>	<u>Units Vacant</u>	<u>Occupancy Rate</u>
Merritt River Apartments	Norwalk	2002	227	93	134	41%
Clocktower Close	Norwalk	1985	129	129	0	100%
Riverview	Norwalk	1991	92	89	3	97%
Corset Factory	Norwalk	1980s	81	73	8	90%
Trolley Barn	Norwalk	1988	24	23	1	92%
Avalon New Canaan	New Canaan	2002	104	83	21	80%
Avalon Springs	Wilton	1996	102	93	9	91%
Archstone Stamford	Stamford	2002	160	159	1	99%
The Fairfield	Stamford	1995	263	242	21	92%
Southwood Square	Stamford	2001	315	309	6	98%
Avalon Corners	Stamford	1999	195	184	11	94%
Avalon Glen	Stamford	1991	238	221	17	93%
Avalon Grove	Stamford	1996	402	382	20	95%
Avalon on Stamford Harbor	Stamford	2002	323	275	48	85%
Park Square West	Stamford	2001	143	137	6	96%
Avalon at Greyrock Place	Stamford	2001	306	266	40	87%
Avalon Bedford	Stamford	1960	388	349	39	90%
Total Occupancy:						89%
Occ. Among Stablized Projects ¹ :						94%

¹ Excludes units at Merritt River, Avalon New Canaan and Stamford Harbor projects.

Source: Bonz/REA, Inc.

c. Market Demand

Based on an analysis of existing apartment projects, transportation routes, and commuting patterns, the competitive market for a high-quality rental apartment development in the project area could potentially draw residents from throughout Fairfield County.

In order to afford rental housing at a high-quality complex, renters would need to maintain an annual household income of at least \$60,000; the largest portion of the market for a Norwalk luxury apartment development would comprise one- and two-person households with annual household incomes of \$75,000 or more.

As shown previously in Exhibit 2, while lower and middle-income households are likely to decline in Norwalk and Fairfield County, households in the upper income tiers are expected to show substantial growth. Focusing on income levels for the various age groups, Exhibit 7 shows that, while the income groups below \$100,000 are expected to decline over the next five years, such declines will be offset by increases in the \$100,000+ income brackets for most age groups (excepting only the 35 to 44 age group).

Exhibit 7
HOUSEHOLD AGE-BY-INCOME TRENDS
FAIRFIELD COUNTY: 2002-2007

Household Age	Annual Income	2002	2007	5-yr. Change
25-34	\$50,000 - \$74,999	9,858	7,667	-2,191
	\$75,000 - \$99,999	8,882	7,457	-1,425
	\$100,000 +	17,486	23,151	5,665
	Subtotal	36,226	38,275	2,049
35-44	\$50,000 - \$74,999	12,507	8,817	-3,690
	\$75,000 - \$99,999	12,090	9,175	-2,915
	\$100,000 +	38,668	42,964	4,296
	Subtotal	63,265	60,956	-2,309
45-54	\$50,000 - \$74,999	9,120	7,840	-1,280
	\$75,000 - \$99,999	9,620	8,149	-1,471
	\$100,000 +	41,474	51,730	10,256
	Subtotal	60,214	67,719	7,505
55-64	\$50,000 - \$74,999	7,804	7,363	-441
	\$75,000 - \$99,999	7,297	7,421	124
	\$100,000 +	25,077	36,221	11,144
	Subtotal	40,178	51,005	10,827
65-74	\$50,000 - \$74,999	5,890	5,830	-60
	\$75,000 - \$99,999	4,347	4,420	73
	\$100,000 +	9,460	13,106	3,646
	Subtotal	19,697	23,356	3,659
25-74 (subtotal)	\$50,000 - \$74,999	45,179	37,517	-7,662
	\$75,000 - \$99,999	42,236	36,622	-5,614
	\$100,000 +	132,165	167,172	35,007
	Subtotal	219,580	241,311	21,731

Source: Claritas, Inc.

In estimating demand for luxury rental apartments, our method builds on the preceding demographic projections for the Fairfield County market, refined to take into account household sizes and propensities to rent (based on 2000 Census data for Fairfield County). The first step is to estimate the number of income-qualified renter households in each age group. The next step is to apply renter/owner ratios (based on 2000 census data) specific to the various age groups. The third and final adjustment applied census data to estimate the number of one- and two-person households most likely to rent units in luxury apartment complexes.

As seen in the following exhibit, the target market of lifestyle renters in Fairfield County is projected to increase from roughly 15,300 in 2002 to 17,600 in 2007. This represents a gain of 2,300 households, of which the largest number (950) fall within the 25 to 44 age group, which typically comprises the primary targeted market.

Exhibit 8
POTENTIAL DEMAND FOR LUXURY RENTAL HOUSING
FAIRFIELD COUNTY: 2002-2007

Primary Market Area ⁴	Estimated 2002 Demand			Estimated 2007 Demand			2002 to 2007 Change		
	Income Qualified ¹	Number of Renters ²	Lifestyle Renter ³	Income Qualified ¹	Number of Renters ²	Lifestyle Renter ³	Income Qualified ¹	Number of Renters ²	Lifestyle Renter ³
25 - 34	26,368	8,278	5,126	30,608	9,609	5,950	4,240	1,331	824
35 - 44	50,758	7,451	4,614	52,139	7,654	4,739	1,381	203	126
45 - 54	51,094	5,169	3,200	59,879	6,057	3,751	8,785	889	550
55 - 64	32,374	2,780	1,721	43,642	3,747	2,320	11,268	967	599
65 - 74	13,807	1,111	688	17,526	1,410	873	3,719	299	185
Total	174,401	24,788	15,349	203,794	28,478	17,634	29,393	3,689	2,284

Notes:

1. Households with annual incomes in excess of \$75,000 based on Claritas data.
2. Percentage of renter households by household age based upon 2000 Census data for Fairfield County, adjusted to apply to households with incomes over \$75,000
3. Based on percentage of 1 and 2 person households living in Fairfield County from 2000 Census data
4. Primary Market Area Includes: Fairfield County

Source: U.S. Census; Claritas, Inc.; Bonz/REA, Inc.

Overall, the project area should be able to capture a substantial share of the growing demand discussed above. These estimates of new demand, however, do not include the additional induced demand that would result from the creation of an attractive, vibrant residential downtown area, nor do they reflect new properties' ability to outperform older apartment complexes in Norwalk and its surroundings. Given its central location in the County,

with its convenient access to highways and employment locations, the project area should be able to capture approximately 1,000 to 1,200 new rental dwelling units over a ten-year time frame.

Condominium Opportunity

Condominiums in various attached configurations should also offer development opportunities in the project area. For the most part, condominium projects in the project area will seek properties featuring waterfront locations, historic features, or other amenities. Over time, new improvements introduced to the project area’s physical and business environments should strengthen its desirability for increasingly upscale condominium development.

a. Recent Projects

Unlike rental apartment buildings, condominium projects do not continue to compete with new projects after they achieve full absorption. Accordingly, this overview discussion does not involve competitive aspects of specific properties, but simply identifies recent high-quality projects to illustrate the recent activity and performances in the market for new condominiums in Norwalk and its surrounding communities.

Exhibit 9

RECENT CONDOMINIUM PROJECTS: SOUTHWEST FAIRFIELD COUNTY

<u>Name</u>	<u>Address</u>	<u>Location</u>	<u>Built</u>	<u># Units</u>
Carriage House	105 Richards Ave	Norwalk	1999	66
Harbour Heights	4 Lowe Street	Norwalk	2001	16
Patkarholamy	136 W Cedar	Norwalk	2002	8
Thomas Place	Thomas Place	Norwalk	1997	20
Town Line Center	664 Main Ave	Norwalk	1995	42
Westview Common	29 W Main	Norwalk	2001	15
Mead Common	Mead Street	New Canaan	2000	8
Park Slope	197 Park St	New Canaan	2002	13
Chesterfield	2435 Bedford St	Stamford	2000	41
Franklin Court	85 Franklin St	Stamford	1999	12
Pepper Woods	154 Pepper Ridge	Stamford	2002	14
Riverturn	180 Turn of River Rd	Stamford	1999	70
Victorian Manor	49 Glenbrook Rd	Stamford	2000	27
Vine Meadows	865 High Ridge Road	Stamford	2003	10
Riverside Walk	20 Cross Street	Westport	2003	10
Terra Nova	Terra Nova Circle	Westport	2003	54
Crowne Pond	Crowne Pond Lane	Wilton	2000	26
Perry Green	306 Danbury	Wilton	2000	12
			Total	464

As shown above, recent condominium projects in the City of Norwalk have included six projects since 1995. With the exception of the larger Carriage House project, located off Connecticut Avenue on Richards Avenue, these have ranged in size from 8 to 42 dwelling units.

The most recent condominium development in Norwalk has been the Harbour Heights project, located west of South Norwalk on Lowe Street. This 16-unit project sold out within approximately six months, at prices ranging from \$240,000 to \$290,000, or \$180 to \$220 per square foot. The larger Carriage House project, built in 1998, is located off Connecticut Avenue on Richards Avenue. Following its initial absorption, resale prices have ranged from \$275,000 to \$325,000; with most units containing 1,100 to 1,300 square feet, most recent sales prices have averaged \$250 per square foot.

Exhibit 10
RECENT CONDOMINIUM PROJECTS: CITY OF NORWALK

Project		Size			Sales Prices			Price per Square Foot		
		Low	High	Average	Low	High	Average	Low	High	Average
Carriage House										
105 Richards Ave.	1 BR	754	754	754	-	-	-	-	-	-
Yr. Built: 1999	2 BR	1,050	1,159	1,112	\$240,000	\$311,000	\$276,056	\$211	\$284	\$248
Total D.U.s: 66	3 BR	-	-	-	-	-	-	-	-	-
Harbour Heights										
4 Lowe Street	1 BR	-	-	-	-	-	-	-	-	-
Yr. Built: 2001	2 BR	1,275	1,360	1,322	\$239,500	\$290,000	\$271,441	\$176	\$221	\$206
Total D.U.s: 16	3 BR	-	-	-	-	-	-	-	-	-
Patkarholamy										
136 W Cedar	1 BR	-	-	-	-	-	-	-	-	-
Yr. Built: 2002	2 BR	950	1,150	1,070	\$223,900	\$270,000	\$252,300	\$229	\$236	\$233
Total D.U.s: 8	3 BR	-	-	-	-	-	-	-	-	-
Thomas Place										
Thomas Place	1 BR	-	-	-	-	-	-	-	-	-
Yr. Built 1997	2 BR	-	-	-	-	-	-	-	-	-
Total D.U.s: 20	3 BR	3,258	4,497	3,515	\$1,307,500	\$2,400,000	\$1,694,167	\$392	\$534	\$439
Town Line Center										
664 Main Ave	1 BR	755	1,118	937	\$228,000	\$228,000	\$228,000	\$204	\$204	\$204
Yr. Built: 1995	2 BR	950	1,120	995	\$223,000	\$223,000	\$223,000	\$234	\$234	\$234
Total D.U.s: 42	3 BR	-	-	-	-	-	-	-	-	-
Westview Common										
29 W Main	1 BR	612	775	694	-	-	-	-	-	-
Yr. Built: 2001	2 BR	1,168	1,225	1,182	\$194,500	\$239,000	\$209,417	\$167	\$205	\$177
Total D.U.s: 15	3 BR	-	-	-	-	-	-	-	-	-

In general, the City of Norwalk's condominium market has shown consistently positive trends over the past ten years. As shown in Exhibit 11, the volume of condominium sales in the City increased to a peak of 674 in the year 2000. While this volume has declined, it has continued to exceed sales volumes achieved prior to 1999. In addition, during this ten-year period, median sale prices have consistently increased – even since 2000 – and achieved an average annual increase of 6.1 percent. These data reflect a generally healthy condominium market in the City.

In and around the project area, the inventory of existing condominiums is limited to a few properties located along High Street. These units are generally older and smaller, built during the 1980s with townhouse or garden apartment configurations; most of these units sell within a range of \$150,000 to \$200,000 (up to roughly \$160 per square foot).

Despite the lack of recent supply, the development community has shown an emerging interest in condominium projects in and around the project area. Prospective projects planned for development along Smith Street target upscale young professional as well as empty nester households, with prices generally targeting a \$250,000 to \$300,000 price range.

b. Growing Demand

The primary target market for market-rate condominium buyers will consist of upper-income householders from within Fairfield County. Exhibit 12 shows five-year projected growth among Fairfield County households with incomes of \$75,000 and higher. Within this income group, the highest growth is expected in the 55 to 64-year old age group, which comprises the largest component of the “empty nester” niche that typically furnishes the strongest source of demand for upscale, urban condominium units. The rapid growth in this age- and income-defined cohort signals an increased opportunity for condominium

Exhibit 11
CONDOMINIUM SALES
CITY OF NORWALK: 1993-2003

<u>Year</u>	<u>Number</u>	<u>Median Sale Price</u>
1993	338	\$123,000
1994	434	\$118,375
1995	464	\$112,000
1996	422	\$123,750
1997	463	\$130,000
1998	582	\$138,000
1999	672	\$148,000
2000	674	\$164,700
2001	607	\$185,000
2002	610	\$215,000
2003	--	\$235,000
Avg. Annual Increase in Med. Price		6.1%

units throughout Fairfield County and particularly in conveniently accessible, urbanized locations such as the project area.

Exhibit 12
HOUSEHOLDS WITH INCOMES OF \$75,000 OR MORE
FAIRFIELD COUNTY: 2002-2007

Household Age	2002	2007	Change
25-34	26,368	30,608	4,240
35-44	50,758	52,139	1,381
45-54	51,094	59,879	8,785
55-64	32,374	43,642	11,268
65-74	13,807	17,526	3,719
Total: 25-74	174,401	203,794	29,393

Source: Claritas, Inc.

Mixed-Income and Other Residential Niches

In addition to market-rate housing developments, mixed-income projects also present development opportunities. Such projects have proven beneficial to virtually all parties, including:

- Low- and moderate-income residents, who gain affordable housing
- Market-rate residents, to whom mixed-income communities have proven acceptable
- Developers, who derive funding assistance that is often required to facilitate their projects' market-rate residential components
- Communities, who derive greater residential diversity and capacity to accommodate potential labor force growth

In general, the product model would be dictated by the requirements and conditions of specific federal, state or local assistance programs. For example, but under federal low-income housing tax credit programs, developers allocate 20 to 40 percent of a project's dwelling units as affordable for households earning either 50 or 60 percent of the area's median household income. In return, the developers gain access to tax credits -- applicable to project equity -- that can amount to nearly 90 percent (over ten years) of development costs attributable to the affordable component.

Other federal, state or local programs similarly require various formats for low- or moderate-income housing as conditions for rent subsidies, assistance in land assembly (or cost), low-interest loans, grants, tax-exempt bond financing, and other incentives and forms of government assistance.

Artist Lofts and Live/Work Units

In the project area, artist lofts or “live/work” units comprise a suitable form of mixed-income housing. Such units typically feature open configurations for workspace, typically featuring high ceilings. Also, since affordability comprises a substantial part of the concept, many artist housing buildings involve rehabilitations to inexpensive industrial buildings that would otherwise face functional obsolescence. Where such projects have been developed, anecdotal evidence indicates that they have contributed significantly to enhanced retail, nightlife and entertainment activity. This is generated by the presence of art galleries and arts-related improvements, as well as by the lifestyles and spending patterns of the artists themselves.

Residents in artist loft buildings may be restricted to artists, or may be more broadly targeted to any persons seeking a combined space for living and working. While such restrictions narrow the potential market, they can also enable projects to draw from broader trade areas. In southwestern Connecticut, a developer involved in an artist housing project in Bridgeport reports that the general southwest Connecticut area offers the potential to draw upon a strong community of artists – including successful and/or affluent artists -- from throughout southwest Connecticut, New York City and other parts of suburban New York.

In promoting this form of housing, the following are likely to emerge key issues:

- **Zoning:** The City would have to enact a zoning ordinance for this type of use. Such ordinance would include: (1) a definition of the targeted “artist housing” or “live/work” use, addressing the types of uses permitted, resident eligibility standards, physical requirements and limitations, etc.; (2) a delineation of the area, or zoning category in which such use would be permissible; (3) necessary conditions (if any) for approval.
- **Financing Assistance:** While a limited number of affluent and successful artists may seek artist live/work housing, many will meet the qualifying standards for low or moderate-income households. As a result, most projects will require some form of assistance from public, nonprofit, and/or philanthropic sources in order to supplement revenues and/or reduce capital costs.
- **Ongoing Affordability:** After initial absorption, the project must remain affordable to its targeted resident base. In order to ensure this, the property must be governed by binding guidelines. For rental properties, nonprofit entities that develop such properties often retain ownership and managing responsibilities, thus helping to ensure ongoing compliance with affordability guidelines; where units are sold, properties may be held in a limited equity coop or condominium structure that limits the extent of an owners’ permissible appreciation.

Senior Housing Niches

As the project area establishes itself as a desirable residential location, various senior housing products will offer opportunities for new development.

At this time, the city of Norwalk contains no competitive market-rate independent living senior housing facilities (a number of facilities offering various levels of subsidy are available). In general, however, such facilities typically draw from within radii of approximately ten miles. Within this ten-mile market area radius from Wall Street (encompassing the communities of Darien, Fairfield, New Canaan, Stamford, Westport and Wilton) the market supports an ample inventory of independent living as well as assisted living facilities.

Among the existing market-rate senior housing facilities in this area, five facilities with offering independent living contain a total of 692 units. These facilities report occupancy rates ranging from 94 to 100 percent, with an average vacancy rate of 3 percent.

Assisted living facilities report larger variations in occupancy rates. Most of these were opened within the last six years; while two facilities operated by Sunrise Assisted Living maintain low vacancy rates, others report vacancies ranging from 9 to 24 percent vacancies, signaling weakness in this product niche.

Exhibit 13

COMPETITIVE MARKET-RATE SENIOR HOUSING FACILITIES

Facility	Location	Units	Vacancy
Independent			
Thirty-Thirty Park	Fairfield	200	5%
Edgehill	Stamford	207	0%
Westfield Court	Stamford	165	5%
New Canaan Inn	New Canaan	40	2%
Stony Brook Court	Darien	<u>80</u>	<u>6%</u>
<i>Subtotal</i>		692	3%
Assisted Living			
Brighton Gardens of Stamford	Stamford	115	9%
Greens at Cannondale	Wilton	70	10%
Atria	Stamford	123	24%
Sunrise/Wilton	Wilton	45	4%
Sunrise/Stamford	Stamford	<u>85</u>	<u>1%</u>
<i>Subtotal</i>		323	15%
Total Independent and Assisted Living Units:		1,015	

Source: Bonz/REA, Inc.

The primary source of demand for market-rate senior housing would come from householders age 75 and older with incomes of at least \$75,000. Within this ten-mile radius, as shown in Exhibit 14, over the next five years this market segment anticipates substantial growth. While the overall age cohort is expected to increase at the modest rate of 0.5 percent per year, income-qualified 75+ households are expected to increase at a rate of 6.5 percent annually.

Exhibit 14
SENIOR HOUSEHOLDS BY INCOME
WITHIN 10 MILES OF STUDY AREA

	<u>2002</u>	<u>2007</u>	2002-2007 Growth	
			<u>5-yr. #</u>	<u>Avg. Ann.</u>
<u>Age 65+</u>	28,368	29,166	798	0.6%
Below \$35,000	9,340	7,772	(1,568)	-3.6%
\$35,000 - \$49,999	3,448	2,940	(508)	-3.1%
\$50,000 - \$74,999	4,782	4,538	(244)	-1.0%
\$75,000 - \$99,999	3,203	3,534	331	2.0%
\$100,000 - \$149,999	3,508	3,966	458	2.5%
\$150,000+	4,087	6,416	2,329	9.4%
Subtotal: \$75,000+	10,798	13,916	3,118	5.2%
<u>Age 75+</u>	13,857	14,191	334	0.5%
Below \$35,000	5,670	4,833	(837)	-3.1%
\$25,000 - \$49,999	1,852	1,589	(263)	-3.0%
\$50,000 - \$74,999	2,360	2,315	(45)	-0.4%
\$75,000 - \$99,999	1,318	1,682	364	5.0%
\$100,000 - \$149,999	1,279	1,580	301	4.3%
\$150,000+	1,378	2,192	814	9.7%
Subtotal: \$75,000+	3,975	5,454	1,479	6.5%

Source: Claritas, Inc.; U.S. Census Bureau.

As shown in Exhibit 15, the market's current combined inventory of assisted living and independent living units penetrates 16.6 percent of the income-qualified market (based on the reasonable assumption that 70 percent of residents move from within the local market). Existing vacancies at most facilities – with substantial vacancies at some assisted living facilities – along with general industry benchmarks, suggest that this may represent the market's maximum penetration rate.

Nonetheless, given projected growth among income-qualified seniors, the independent living niche appears to offer additional opportunities. As shown below, if the current achieved penetration rate of 16.6 percent is applied to the future income-qualified market, it appears that the market could support up to 245 additional units over the next five years.

Exhibit 15
SENIOR HOUSING POTENTIAL
MARKET PENETRATION & DEMAND SCENARIOS
WITHIN 10-MILE RADIUS

	<u>2002</u>	<u>2007</u>	<u>Change</u>
Householders Age 75+	13,857	14,191	334
Income Qualified	3,975	5,454	1,479
Occupied Market Inventory*	659	--	--
Penetration	16.6%	16.6%	16.6%
Potentially Supportable New Inventory	--	904	245

* Assuming that 70% of occupants come from within the local market.

Source: Claritas, Inc.; Bonz/REA, Inc.

Overall, given the current absence of competitive facilities in Norwalk, as the project area gains recognition as a desirable residential location it may offer a suitable location for such facilities. Two caveats, however, must be noted:

- The project area does not at this time offer a desirable setting for upscale seniors. Therefore, such developments are not likely to be included among the project area's near-term development projects.
- In order to provide attractive financial returns, such projects typically require substantially higher development densities (up to three time higher in many cases) than non-age-restricted housing forms. This general density requirement is mitigated somewhat by comparatively small sizes for dwelling units and by lower parking requirements, since most units would require only one car (plus visitors).

Commercial Development Outlooks

Office Market

Office development does not offer a significant development opportunity in the project area. The office market in Fairfield County maintains high vacancy rates. Commercial brokerage firms all report a steady trend of increasing vacancies over the last three to four years. Over this period, Fairfield County office vacancies have increased from a general range of 6 to 8 percent to current estimated vacancies of roughly 14 to 16 percent; Cushman & Wakefield estimate total available space (vacant unleased space plus leased space available for sublease) at nearly 21 percent.

Within Fairfield County, the major brokerage firms estimate higher vacancy rates in Norwalk's submarket than in the overall County. Focusing more narrowly on the City of

Norwalk, CB Richard Ellis and Cushman & Wakefield estimate even higher rates of 23 to 25 percent (and Cushman & Wakefield estimates overall availability at 32.3 percent).

Exhibit 16
OFFICE VACANCY/AVAILABILITY: YR-END 2002

	CB Richard Ellis	Cushman & Wakefield	Insignia/ ESG
Fairfield County			
Total Inventory	45,329,327	38,242,993	45,600,000
Direct Vacancy	16.3%	13.7%	n/a
Available	n/a	20.7%	18.6%
Norwalk Submarket ¹			
Total Inventory	9,332,556	6,965,213	12,400,000
Direct Vacancy	22.2%	17.5%	n/a
Available	n/a	29.4%	19.7%
City of Norwalk			
Total Inventory	5,267,925	4,676,136	n/a
Direct Vacancy	24.6%	23.0%	n/a
Available	n/a	32.3%	n/a

¹ Norwalk Submarket defined as: "Central Fairfield" including Darien, New Canaan, Norwalk, Westport and Wilton by CB Richard Ellis; "South Central Fairfield" including Darien, New Canaan, Norwalk, Weston and Wilton by Cushman & Wakefield; and "West Fairfield" including Darien, Greenwich, New Canaan, Norwalk and Wilton by Insignia/ESG.

Asking rates for office leases space have also declined in recent years, although such declines have not been as dramatic as the recent increases in vacancies. In Fairfield County, average asking rents for Class-A space currently range from \$29 to \$30, which represents a decline of roughly \$2 to \$3 from peak levels in 2000 and 2001. In the smaller Norwalk submarkets, commercial brokers present conflicting data, with various firms estimating declining, stable and increasing trends in local office lease rates.

As the market recovers and begins to absorb the available inventory, vacancies will decrease. Most corporate tenants seeking significant space, however, will seek space in the area's primary office locations. These include downtown Stamford and Norwalk's Merritt 7 business park, as well as the 1.1 million square foot office park planned for development in the Reed Putnam part of Norwalk.

Within the project area itself, the office market consists primarily of smaller spaces (e.g., 1,000 to 5,000 square feet) in older (e.g., 100 years) one- to three-story buildings. Lease rates for such space generally ranges from \$14 to \$20 on a gross-plus-electric basis. While the project area's office buildings generally maintain respectable occupancy rates, given the availability of competitive space, the local tenant base and supportable lease rates are not likely to attract significant new office development over the next five to ten years.

Retail

a. Limited Development Opportunity

While the project area may offer business opportunities for small destinations such as restaurants and various specialty stores, the area does not present opportunities for substantial new retail development. Three basic points support this conclusion:

- The project area would face formidable competition. Large-format retailers will seek expansive parcels in high-traffic locations such as Connecticut Avenue and Westport Avenue; high-end retailers will seek “anchored” locations such as retail malls (e.g., Trumbull, downtown Stamford) or established retail districts such as South Norwalk, downtown Westport and downtown Stamford.
- Remaining niches for the project area involve smaller, lower-end retail uses (e.g. personal care, used goods, cleaning/repair services), low-volume specialty niches (e.g. art galleries) and other independently-owned and operated businesses that seek low-rent properties.
- Under future conditions, planned retail development along West Avenue may offer additional competition for potential retail prospects in the project area.
- Retail lease rates occupy a general range of \$8 to \$16 per square foot in the project area. This range falls well below supportable rates in competitive areas. For instance, lease rates exceed \$20 per square foot in many cases in South Norwalk, and \$30 per square foot along Connecticut Avenue and Westport Avenue. Given these disparities, new project area retail developments would not offer an attractive investment alternative for commercial developers.

b. Upgrades and Improvements

Despite the foregoing drawbacks, the project area’s existing retail spaces have been able to attract and retain unique, independently operated businesses such as restaurants, arts-related businesses, specialty foods stores, etc. As the project area’s residential development occurs, these and other small-scale retailers of this nature will enjoy enhanced opportunities to target this increasingly upscale market. As more of these types of new businesses capitalize on such opportunities, the area’s existing properties will gradually be able to upgrade their tenant profiles, lease rates, and physical conditions. This progression of improvement – similar to that experienced in South Norwalk – represents a desirable alternative to the demolition and replacement of the area’s existing streetfront retail space.

Other Commercial Uses

Other types of commercial uses that may be desirable in downtown urban environments include entertainment, lodging and other such niches:

-
- Lodging uses do not offer likely opportunities for development in the project area. Such projects draw their demand from varying combinations of business and leisure transient travelers and groups (event attendees). In targeting one or more of these business segments, lodging properties seek (1) direct proximity to business centers such as major office parks or the central business districts of major cities; (2) direct visual and vehicular access to high-traffic highways such as I-95; and/or (3) direct proximity to major event venues or visitor attractions. Thus, while locations adjacent to I-95, the Merritt 7 business park or the Maritime Museum may offer suitable locations to serve new lodging demand, the project area does not offer the requisite attributes to attract substantial lodging development.
 - Other entertainment uses, which can provide important “anchor” features for urban districts, may involve performing arts, nightclubs and other such venues. South Norwalk, however, presently serves as a dominant district for such uses. The project area may be able to offer less-expensive properties for relatively low-profile venues, but such developments typically face formidable challenges in maintaining viability. Therefore, without precluding the possibility of successful entertainment-related projects, such projects do not provide reliable concepts for planning purposes.

Regulatory Issues

In seeking to capitalize on the market’s potential for development opportunities, the City must address the following regulatory issues:

- Unit mixes: Most high-end apartments renters seek one- or two-bedroom units. Accordingly, in targeting the broadest possible market, most market-rate apartments will seek to provide a mix of units including studio, one-bedroom, two-bedroom and three-bedroom units. Under current conditions, however, regulations require that one-bedroom units comprise at least 70 percent of all units in residential projects uses in parts of the project area. This restriction limits the potential developer’s ability to address the market; this in turn limits the project area’s ability to large-scale projects.
- Live/work issues: Live/work units offer an appropriate means for promoting arts-related uses, small business uses and other residential components. Where the City seeks to promote such elements in the project area, it must enact regulatory ordinances that identify, define and accommodate (and possibly encourage) live/work uses.
- Parking for commercial uses: to the extent that developers identify opportunities to build new commercial space in the project area, site constraints will most likely preclude adequate surface parking for the project, and the development economics will preclude the construction of structured parking decks. Thus, where new commercial development occurs, such will have to rely on public parking spaces.

