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To: Ron Van Winkle, Town of West Hartford

From: Michael P Buckley, Halcyon LTD

RE: Impact of Blue Back Square on West Hartford Center

Date: 5 June 2004

In anticipation of the Public Hearings, the following Memo contains my professional observations on the Impact of Blue Back Square on the existing West Hartford Village Center –and on the larger West Hartford Community.

Expert Credentials

To establish a frame of reference for this report, my professional consulting experience over the past three decades with Halcyon and other national firms has resulted in my recognition as an Urban Mixed-Use Development expert with a wide variety of projects across the United States and Internationally.

Consulting / Professional Experience

Retail Mixed Use specialist with local knowledge of West Hartford + Greater Hartford markets, and national exposure to Mixed-Use (MXD) Projects across USA

- Chair Urban Land Institute Urban Mixed –Use Council
- Former Trustee, ULI and Vice Chair ULI NY District Council
- Member, Research Committee of The Real Estate Roundtable, Wash DC
- Director Columbia University MS in Real Estate Development Program
- Large scale MXD Consulting ---Wash DC Navy Yard + Capitol Hill East
- Revitalization Strategies---Chattanooga + Louisville + Yonkers + Stamford
- Retail Revitalization ---Cameron Village NC; Crystal City DC
- Lower Manhattan Redevelopment –Fulton Street Corridor Study
- Past President, Connecticut Society of Architects
- Former Board Member, Connecticut Trust for Historic Preservation

Locally, I have been the principal leader of Strategic Plans for New Haven CBD and Stamford's South End –as well as numerous other studies in Hartford, New London and Norwalk. I am a current resident of New Haven and a former resident of West Hartford –living close to the West Hartford Center.

Halcyon served as the community developer of Hartford's Union Station to successfully resurrect the historic structure in 1980 with the addition of offices and Restaurants. Clients have included private developers such as Hines; Tishman Speyer; and Maguire Partners; major financial institutions such as Travelers, Prudential, Aetna and Equitable; and City + Govt Agencies such as GSA; HUD UDAG Program; Lower Manhattan Development Corp and LA Community Redevelopment Corp.

Other Halcyon development studies have included:

- Strategic CBD revitalization Plans for Capitol Hill East, Wash DC; Chattanooga Tenn.; Louisville KY; Yonkers NY; and Coney Island NY
- Mixed Use revitalization plans + implementation for Cameron Village, Raleigh NC; Fulton Street Corridor, Manhattan; Prudential Center, Boston and Mountain View California
- Mixed Use concepts + implementation for high Density high-rise Office Towers---Citicorp Centers in LA + NYC + San Francisco; PPG Place Pittsburg; Crocker Center LA
- New MXD Communities –The Navy Yard Wash DC and Sterling Forest, NY

Property Operating History

Halcyon also has unique operating history –managing complex MXD Projects that have a Civic role –as gathering places or as part of a City/Govt outreach responsibility. Halcyon implemented, and operated these unique projects:

- Dade County Center, Miami –Halcyon implemented and managed all retail and restaurants and the Public spaces, including the Dade County Civic Center –scene of special benefits and celebrations
- Dayton Arcade –resurrecting historic landmark and operating within difficult CBD parameters
- Sarasota Quay –emphasis on Community special events such as Ringling Museum + benefits and use of Bat-fronting public spaces

As a result of these Property Operating responsibilities, Halcyon has acquired a fundamental understanding of the unique Operating environments for MXD projects, and the need to host special events, festivals and promotions.

These environments also have unique characters –and for West Hartford Center –a real need to ensure security + housekeeping standards are achieved. Blue Back Square –in its design and certainly in its intent –wishes to extend the walkable character of West Hartford center ---and to provide a memorable new Place for festivals and celebrations. These are worthy objectives ---with special Operating parameters, which BBSquare is designed to achieve. This should be seen as an additional Civic benefit.

The Challenge of a Mature Community

Other rigorous studies have described the limited growth opportunities in West Hartford Center, and the stabilized but not growing demographic profile of an affluent, but mature Community. The Economic contribution of such a project as BB Square also has been shown to be significant ---as would be expected from the more deliberate Land Use additions and the new Commercial Businesses and Jobs created

The existing Land Uses produce market Values of approx \$3.5 million --- as contrasted with BB Square’s projected Land Use Value of \$110 Million. This is a significant and strategic increase for the West Hartford Grand List –which has seen very little absolute growth from Commercial development over the past two decades.

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For a maturing community such as West Hartford, these are the typical development choices based on my professional and teaching experiences----

- As-Is/ Status Quo –Reacting to existing Demographics + incremental growth with expected Retail turnover due to obsolescence, regional competition and threats by new concepts

Vs.

- Densify in Place –Creating new critical mass; co-opting competition with concept-driven development and MXD Synergy with deliberate Place-making

Demographic Reality

West Hartford as a Community has a stable, and mature population base----with a density of 2700 people per square mile –unchanged from the 1980's---and an older, richer population than the Ct averages, certainly from age cohorts 45-84 years old Below those ages, CT town averages are higher than West Hartford.

As to Richer –West Hartford exceeds CT averages form \$75,000 upwards—by at least 1½ percentage points---all according to the 2000 Census.

Residential Base

As might be suspected, the age of Housing is also significantly Older than CT averages –by significant percentages of 6% and 18 % respectively, for houses older than 1939 and 1940. Also important to note that Houses built since 1990 are significantly lower than the CT Average –by 7%.

The percentage of owner occupied is 72% vs. CT Averages of 67%. Owner – Occupied House values are significantly higher than CT averages—with a specific cluster of homes in the 150,00 to 299,00 range –based on 2000 census –which is surely way below Market Values today.

Educational Attainment

Educational attainment is another area significantly above CT averages ----by 8% for Bachelor's degrees and by a whopping 13% for graduate degrees. West Hartford has clearly an intelligent residential base.

Tax Base

However the Tax Base is shrinking –slowly, as would be expected in a mature community, The Grand list has shrunk from \$3,721,548,050 in 1993 to \$3,638,854,650 in 2002. Also nearly 17% in 2002 of the net taxable Grand List was tax-exempt---which includes the key parcels owned by the city in Blue Back Square.

Existing Land Use

Available Land in a mature community is by definition, a scarce resource. Blue Back Square counts on the more productive use of Civic properties combined with Private land acquisitions to create the full development. This is certainly a reasonable objective considering the following list of existing West Hartford land uses compiled in the 1997 Comprehensive Plan –

Land Use Category	Percent %
Residential	46 % Total Inventory is approx 17,800 single family and 7500 units Multi- Family for a grand total of 25,300 units.
Not developed –Incl. MDC Land	22
Streets	11
Institutional	8
Recreational	7
Commercial/ Industrial	6%

If one were to list Available Land in close proximity to Commercial centers – especially West Hartford Center--- the list would be short indeed. Therefore I believe strongly that West Hartford must be Strategic in its allocation of land resources to preserve Home Values and the attractiveness of the Town to interest the older, more affluent customer and intelligent resident.

Mixed Use Street Retail Projects

These following observations are based on my local knowledge as a former resident of West Hartford, and upon my professional experience as an Urban Development consultant with Halcyon Ltd, and formerly with Ernst & Young as National Direct Real Estate Consulting, and upon my teaching experiences at Columbia University.

Over the past two decades, the Development Industry views have shifted to focus on Mixed-Use (MXD) Street Retail projects. Blue Back Square is such a project, and as such illustrates the general principles which apply to MXD Street Retail---

- The Type has significant Retail sector acceptance with broad USA applications in multiple markets
- MXD Retail is the fastest growing Retail / Lifestyle segment –recognized as a better Community alternative to the land consuming Retail Power Centers and Shopping Malls
- Design stress on Livability and Walk ability of MXD Schemes is both a welcome amenity and a fundamental Design principle
- Significant new Public Space is included, with attention to the pedestrian experience and use of public open spaces for civic gatherings— a use not contemplated for Strip / Power Centers
- The Retail MXD has acceptability by Institutional Lenders
- MXD offers Safety + Security enhanced by multiple uses

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- Streetscape quality, and human scale design of MXD Centers such as Blue Back Square, contribute to the project's perceived real estate Value

Urban Infill Attributes

Blue Back Square (BB Square) has the recognized design + layout attributes.

And the preferred layout for urban infill, which combines---

- Multiple Uses---Residential + Office + Retail
- Focus on creating walk able "Districts"
- Retail which is fronting pedestrian ways and enlivens Street "experience" and contributes to Security
- Deliberate mix of Cafes + Restaurants are crucial to Merchandise Mix and Quality perceptions by both locals and visitors

Shift to Outdoors Lifestyle Centers with Pedestrian Focus

Major retail developers such as Rouse have sold much of their Shopping Mall inventory to create Outdoor Lifestyle Centers --including new outdoors Anchored Specialty centers such as Coral Gables.

Other Mixed -Use (MXD) developments across the USA have adopted this philosophy to create Village Centers which rely on Retail and Mixed-Uses to create appeal ---including Southlake Town Center in Dallas, San Jose's Santana Row, Boca Raton's Mizner Court and West Palm Beach's Town Center in Florida; and Market Street in The Woodlands, Houston Texas

Most of these new projects have a deliberate focus on the affluent and educated customer---such as served by West Hartford Center.

National Examples

Most MXD Village Centers are mixed-use and relatively low density at 2-5 floors -- with street facing retail below and residential / office above or adjacent to the retail.

These projects also feature a range of foodservice and entertainment choices --and are proving new acceptance by developers and financiers that "living above the store" is now again acceptable --and even preferred--with projects such as :

- Cameron Village Raleigh NC --resurrected Village Center --addition of significant upgrades in Specialty Retail + Anchors + Office + Grocery has yielded a significant increase in visitation, retention of quality orientation, and sales to existing tenants and to Library.
- Clarendon Court--In Arlington VA --project features Home Décor Retail Anchors combined with Residential and Office
- Birkdale Village Charlotte NC --a new Neo-traditional Village Center with Retail + Foodservice topped by MF Residential
- Pentagon Row, Arlington VA --Specialty Retail + Lifestyle Anchors + Grocery combined with significant upper story Residential
- Old Town Pasadena Ca---mix of new and renovated areas using Specialty Retail + Mini-anchors and imaginative Foodservice to resurrect this neighborhood center---again Home Décor and Lifestyle retailers are critical components

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- The Grove Los Angeles—Lifestyle and Mini-Anchors combined with Cafes lining a pedestrian outdoor street—attention to variegated architectural treatments creates ‘Village’ feel
- Santana Row, San Jose CA---development around new Street Retail with additional mixed uses of Residential + office

BB Square Short Term Positive Impacts

Based on Halcyon’s experience in multiple markets, the BB Square scheme is an appropriate and reasonable development vehicle ----

- This is exactly the kind of project being sought by other USA communities – which can provide new regional identity and sense of Place
- BB Square is better in West Hartford than constructed in other Greater Hartford communities—producing new Taxes and Jobs, creating a Sense of Place +, and reinforcing West Hartford Center sales
- BB Square will significantly contribute to West Hartford Center as a regional destination
- BB Square Merchandise Mix will increase visitation and provide opportunities for additional sales to Existing Merchants
- BB Square Parking Garages are located off center to the W Hartford Village Center of Gravity ---traffic is siphoned away from the Farmington Ave/ W. Main St intersection
- BB Square will extend the quality walking experience form the W.Main street area –thereby extending visit time which is good for all merchants + restaurateurs
- Multiple Uses –esp. Medical Offices + Home Décor + Lifestyle Mini-Anchors, when combined with Food + Entertainment + Specialty Retail, will diversify the experience to multiple users, including visitors to the W Htd Library and City Hall
- Tax Increment Created--- the BB Square project will yield significant Sales Tax and Property Tax revenues –and will create Taxable Revenue stream from previously Tax Exempt East of Main St land areas –while preserving all Civic Functions—a once in a lifetime opportunity for most communities

BB Square Long Term Positive Impacts

The infrastructure to be created by BB Square project, and the attractive environment will be long-term assets for the Town Of West Hartford---

- Parking garages will be highly valued in the future as resources
- W Hartford’s relatively High Income and well educated Population will be stabilized further from regional competition by the addition of certain retail components
- Stabilizing positive perceptions of Retail ---as West Hartford Center, as short as 18 yrs ago, did not appear to be viable for Specialty Retail as against West Farms Mall—BB Square creates more retail opportunity in the shopping + dining format now sought by national retailers
- Underutilized land areas at Memorial and Raymond Rd have always been subject to more intensive planned uses –BB Square is the least Dense of what could be considered for this property
- Home values within walking distance of the newly expanded center should also reflect the “Amenity Value” of additional Retail + Grocery +Civic + Healthcare + Entertainment choices to be offered by BB Square

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- Presence of Civic Institutions will be strengthened –as in other communities where destination appeal has be strengthened, Civic visitation has also increased---Pasadena +Raleigh +Dallas
- Place Making –arguably a significant benefit which would otherwise not be achieved –as witnessed with fewer improvements over the past 18 yrs ---new spaces include Webster Walk; BB Square; BB Court; Town Hall Common; and the Streetscapes at the enhanced Memorial St. at Isham St. Intersection
- Increase in Property Taxes –at a projected gross of +\$2.2 Million per year and net Tax values of \$1million /yr----can leverage civic activities or serve as collateral for other Capital efforts
- Recent Property sales have recognized the unique potential market positioning of West Htd Center ---with looming comparisons to closest specialty Village of Westport –and BB Square is certainly in the right configuration to add pre-designed and leasable areas for Lifestyle Specialty retail

Impact on Existing West Hartford Center Mixed-Use Retail

The BB Square project will strengthen and stabilize the customer drawing power of West Hartford Center –as a Shopping Experience and as a destination for an array of Foodservice and entertainment options.

Comparing BB Square’s tenant mix to West Hartford’s existing tenancy reveals an existing retail base of 255,443-specialty retail (including Mini-Anchors) and 68,112 of foodservice for a total of 323,563. Additionally West Hartford center now concentrates Service and Supporting Office Space at 118,399 sf ---and a variety of Banks and Financial Offices at 98,631 for an additional 217,030 sf ---which if considered as part of the overall Mixed Use dimension of the Center, the Total Area is over 540,593 sf. BB Square will add Specialty Retail of approx 87,000 sf (about 20 – 25 new stores)—75,000 sf of Retail Lifestyle Mini-Anchors (probably three stores), --along with 30,000 sf of Foodservice and Restaurants--- and 30,000 sf of Cinema --- for a total of new Retail related space of 212,000sf.

The new Min-Anchors at BB Square will serve as draws for the rest of West Hartford Center –as they will address categories in Home Décor and Lifestyle. The Specialty shops will support the image of West Hartford as an eclectic and imaginative set of offerings in the Gift + Fashion areas. The additional Foodservice choices will complement the array of Restaurants and Cafes now available –adding to destinational quality ---and extending the amenity value with choices.

Thus the amount of additional space may not be large –however the categories are significant –as contributors to the overall destinational quality and variety of offerings perceived by the local and regional markets.

The Expanded Retail Realm ---Critical Success Factors and the Future

As retailing patterns change, flexibility in space and configuration are important –to provide opportunities for retailers to change formats. Parking availability and a secure environment are other critical factors. For specialty retail and foodservice operators.

Blue Back Square offers retail frontages and depths more typical of newer retail projects than most existing buildings in the center. The amount of new space represents real choice for retailers seeking Shopping Mall alternative locations

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Parking will be protected, convenient and safe –and walkable form all retail shops and restaurants. This spatial flexibility and convenience --- and the square footage weight of offerings provided by the new retail, will contribute to success. Further the promise of mixed-use development is that the mix of uses will be synergistic –with more use and more activity, security is improved. With more street retail and a walkable environment, a counter experience to the Strip Center, Power Center and shopping mall will continue to provide a Competitive Advantage and a differentiating merchandising opportunity for they entire West Hartford Center area. Which will characterize West Hartford Center in the future.

The Expanded Public Realm

Communities all over the USA have rediscovered Village Centers –and seek to recreate the Retail and Civic functions these areas have provided in the past. Partially a reaction to the Corporate Merchandising Machines –the Shopping Malls and the Power Centers—these new developments are purposefully mixing land uses and densities to support enhanced Public Spaces.

BBSquare will provide a sequence of Pedestrian experiences punctuated by Public Spaces –and other adjacent green space will provide opportunities for Civic festivals and Special events.

The Public Realm at BBSquare has, unlike areas, which have incrementally evolved, been conceived o deliberately to create a new sense of place and to significantly add to the Public gathering space inventory available in West Hartford. This is an admirable undertaking --and again is not typical of most standalone Retail + Office + residential areas. The Public Spaces to be created by BBSquare include—

- Expanded and landscaped Goodman Green –enhancing visual perspective of Town Hall + Library
- Blue Back Square—with Fountain+ Landscaping and Pedestrian focus
- Webster Walk—connecting library to Village
- Trout Brook Park –a key new open space important to festivals and passive recreational uses
- Design proposes special paving + Over 350 new Street Tress of large caliper
- Design standards for Retail shop fronts emphasize variety and quality materials –which enhance further the pedestrian experience

The experience of BB Square’s pedestrian linkages is designed to reflect the traditions of West Hartford Center ---as opposed to many designs, which impose new design philosophies –or emphasize vehicular access.

Preserving Development Potential--Co-Opting The Competition

Other communities and other developers throughout the USA –and particularly in Connecticut –are targeting the same Customer Base that now frequents West Hartford Center.As a relatively Mature and certainly Affluent community, \the West Hartford Customer Base has access to multiple suburban towns –where similar projects such as Blue Back Square could be constructed---Avon; Glastonbury; Simsbury; and Canton to name a few.

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The concentration of affluent and stable customers –and willingness to access new retail offerings and particularly to experiment with new Retail and Foodservice concepts –make this concentrated customer base a real target –creating what is known in Market Analysis as Development Potential.

We would want to preserve that potential for the West Hartford Tax Base and to strengthen West Hartford Center as the dominant “Village Center Experience” in the region. Site assembly and parking requirements are current hurdles—which represent Barriers to Entry. These barriers may evaporate due to property transfers or City actions in the near future –providing an opportunity for a similar development.

Hence it is strategically important to preserve this Development Potential for West Hartford Center

Synergy and Tenant Mix

The BBSquare Design deliberately mixes uses, which can frequently share parking, which add to the perceived activity by visitation and walking access, and which can also provide overlapping support for creation functions, such as

- Office users with Health Club + Restaurants
- Visitors to Library with Retail
- Health Services users with Civic and Retail uses
- Residents with Retail and Foodservice

Accordingly the Tenant Mix proposed reflects a balance between these users—

- Anchors –at 20% of the available project space, the Retail and Cinema anchors can draw from a larger area
- Office—includes new Medical Offices ---whose customers are also retail + foodservice users
- Condo Residential –offering unique Close-to –everything environment – potential users of Health Club + Retail; + Foodservice + Cinema + Civic functions

New Long-Term Advantages

In additions to the mixed use located –and the Tax ratable created –along with new jobs –retail and foodservice being good Career Ladders for employees as well –the city gains certain Urban Amenities which increase in value over time.

The new Amenities include

- Expanded and Upgraded Library + other Civic Functions
- Two Parking Garages well located to support Civic and private activities– bought at today’s dollars
- Enhanced Public Realm—open spaces and pedestrian experiences
- More Residential close to the Town Center
- Enhanced security perceptions

The burden of Public Funding – the risk of Default --- is minimal based on other Parking Authority garages in similar locations. Finally the risk, however slight, is further mitigated in my view –as the city will have possession of physical assets, the garages and open spaces, which will become even more important over time

Aligned Interests

West Hartford Center currently has approximately 140 shops ----BB Square would add 20% more—an incremental approach –but with the new destination Anchors, this addition can be a real critical mass generator as well.

The Developer maintains they will focus on new Specialty Retailers who have a distinctive point of view, good quality. And knowledge of Display and merchandising techniques. This is entirely believable –because such merchants are required to capture the target market ---hence the City’s goals of preserving and enhancing the West Hartford Center are very well aligned with the Developers objectives---self serving interests in this case are exactly aligned.

As the Developer must focus efforts on creating a great Neighborhood District –one that is clearly connected physically and in image to West Hartford Center –exactly what the City should want.

Conclusion

In my professional opinion Blue Back Square is an appropriate project for West Hartford—and is a Strategic decision on the Future of West Hartford center, the project is the right decision ----

- Is the Preferred Product Type being sought by other Communities
- Has Synergy potential within itself –and for the rest of the Center as an additional Customer draw
- Targets the right Demographic and Customer Base
- Co-opts the competition –and prevents a similar concept within the Market
- Adds significant new Amenities—Public Spaces + Civic Improvement + Parking
- Adds Activity –Retail + Restaurants + Office & Medical Visitation
- Low Risk Public enabled Financing –driven off private sector taxes
- Significant incremental addition to the Grand List /Tax Base