



**Governor's Proposed FY 2022-2023 Budget for Conservation and Development Agencies
H.B. No. 6439 (COMM) AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM
ENDING JUNE THIRTIETH, 2023, AND MAKING APPROPRIATIONS THEREFOR
Testimony in Support of Line-Item Budget Request for Connecticut Main Street Center**

Patrick McMahon, CEO
Connecticut Main Street Center

Mike Andreana, Board Chair
Connecticut Main Street Center

Joint Committee on Appropriations
February 19, 2021

Dear Senator Osten, Representative Walker, Senator Miner, Representative France and distinguished members of the Appropriations Committee:

The ongoing pandemic has severely impacted our downtowns and Main Streets, leaving our commercial centers reeling from closures, reduced patronage, and widespread unemployment. It seems no downtown has been spared, regardless of size or geography.

During the Covid crisis, Connecticut Main Street Center has been there for our communities. From regularly communicating the latest relief programs, hosting video chats with our members, and posting Covid-specific resources on our website, we've helped our statewide members navigate the shifting sands of Covid. We helped small businesses shore up their resiliency efforts with an on-demand video library on topics such as establishing e-commerce and utilizing social media. Our *Recovery & Resiliency* webinar series for downtown professionals and municipal officials have 'sold-out'. Yet the tremendous demand for our work strains our limited staff.

Connecticut downtowns' critical role as the economic foundation underpinning our communities has been on full display, while *our* role as the state's leading downtown resource – offering education, technical advice and advocacy directly to, and on behalf of, our statewide network of municipal officials, downtown professionals and local stakeholders – has been called upon to a greater degree than ever before. Chris Kervick, Windsor Locks First Selectman, eloquently summarized the symbiotic relationship between Connecticut Main Street Center (CMSC) and Connecticut's downtowns when he said, "We have a vision for what our Main Street can be. Knowing that Connecticut Main Street Center shares that vision and can point us to the resources needed to bring that vision to life has been invaluable. Their enthusiasm and support has been just what we needed."

Because our work is so valuable for ensuring the vibrancy and recovery of Connecticut's downtowns and Main Streets, **we are respectfully requesting the legislature allocate CMSC an annual line-item appropriation of \$350,000, administered via the Department of Economic and Community Development.** These funds would provide Connecticut Main Street Center with a level of financial stability to make long-term strategic plans that benefit downtowns all across the state. While we



currently serve over 80 member communities, representing 1.9 million residents, there are many more that could benefit from our services; with additional, predictable funding we could hire additional staff to provide more of the resources and guidance our downtowns and Main Streets need so greatly.

Connecticut Main Street Center was started in 1995 by Connecticut Light & Power (now Eversource) and is the only State Coordinating Program in the National Main Street network to have been founded by a private sector entity. In 2000, CMSC became a nonprofit organization and Eversource and the Department of Economic and Community Development are our Founding Sponsors. Eversource provides CMSC in-kind office space in Hartford, as well as \$85,000 in annual operating funds. DECD originally funded CMSC at \$200,000 per year but that was reduced to \$100,000 during the Great Recession and declined further to \$72,000 in FY20. DECD has increased our funding to \$150,000 in this current fiscal year. We also receive funding from UIL, banks, event sponsorships and community membership fees.

Communities rely on us to help them cultivate the many aspects of a prosperous downtown – everything from new economic development to capitalizing on Connecticut’s substantial investment in transportation. Here are just some examples of how we’ve helped downtowns and Main Streets thrive:

- Educated dozens of communities on the establishment of municipal tax increment financing (TIF) districts like the one created for the Town of Enfield for its historic downtown Thompsonville and mall area. Downtown TIF districts are generating success stories in communities such as Windsor Locks and New Britain.
- Provided guidance on downtown management models and placemaking, such as Berlin’s Transit Village – capitalizing on the Hartford Line train station.
- Championed multi-story mixed-used building investments, such as our study for the historic Arrowhead block in downtown Hartford near Dunkin Donuts Stadium.
- Partnered with the Connecticut Housing Finance Authority on our award-winning Come Home to Downtown program to create new housing units in vacant upper stories. 116 units of housing have been created or are under development as a result of this program.
- Partnered with the State Historic Preservation Office on the Preservation of Place Grant Program. From 2008 to 2016, a total of \$558,030 was awarded to 39 different Connecticut communities/organizations utilizing Community Investment Act funds, leveraging \$1,412,782 in preservation and revitalization initiatives.
- Promoted RFP/RFQs for important redevelopment sites like the White Oak brownfields property in downtown Plainville and the Amerbelle Mill Properties in Vernon to real estate professionals.
- Led a team of consultants in developing Economic and Recovery Strategies for Sandy Hook Village after the Newtown shooting tragedy.
- Responded to specific technical assistance inquiries from member communities on a wide range of issues impacting downtowns, including organizational development, strategic planning, placemaking, historic preservation, small business resources and funding programs.

Our downtowns and neighborhood commercial districts will need focused and greater attention post-pandemic. According to Opportunity Insights, a research and policy institute based at Harvard University that is tracking the economic damage caused by the pandemic, about one in three small



businesses have closed their doors in Connecticut - the sixth highest level of closure activity among all states. Many of the small business closures represent minority and women-owned businesses. Also, according to the Connecticut Restaurant Association there have been 600 restaurant closures since the beginning of the pandemic. These business closures will result in more vacant spaces in downtowns. Vacant retail and restaurant spaces impact more than loss revenue to property owners. Vacant spaces result in lost:

- Sales
- Loan demand for the building
- Business profits
- Employee payroll
- Business loan demand
- Sales tax revenue to the state
- Utility fees
- Advertising and other professional services fees
- Property tax revenue to local government
- Property management fees

It benefits our towns and our state's economy to return vacant spaces to productive use. Downtown districts will need to market available spaces, develop unique promotional events, utilize pop-up retail and entertainment, promote use of space by small scale manufacturers, assist property owners in preparing their spaces for reuse and help establish local entrepreneurs. With greater funding, CMSC will be the state leader in assisting downtowns in developing creative approaches to fill these vacant spaces.

Post-pandemic, our downtowns can serve as the catalyst to economic growth. According to an economic analysis prepared for CMSC by Camoin Associates in 2017, our downtowns if built out over time and occupied to full capacity, would result in more than 187 million square feet of new and renovated commercial and residential space, \$40 billion in construction spending, and 200,000 construction jobs, translating to more than \$800 million in state income tax revenue. And those are just the construction impacts. The study found that 20,000 new businesses and 88,000 new housing units could be created, resulting in 215,000 permanent jobs, \$1 billion in annual sales and income taxes combined and \$283 million in annual property tax revenue.

Sincerely,

Patrick J. McMahon
CEO

Michael Andreana
Board Chair