



AFFORDABLE CITIES: BRINGING THE COST OF LIVING DOWN TO EARTH

At the Council of Geogist Organizations conference in Bridgeport, CT, on July 18, 2003, two highly qualified authorities addressed the theme, "Affordable Cities: Bringing the Cost of Living Down to Earth."

"The State of Our Cities, Problems Created by Tax Policies" was addressed by Bob Kantor, Director of Fannie Mae's Connecticut Partnership Office, which is one of 54 of such offices that Fannie Mae has opened around the country since the mid-1990s. My role, as I see it, he said, is to interface with the communities around the state, cities and suburbs and small rural towns, to try to stem the tide of disinvestment and to try to promote investment as best we can. Though Fannie Mae is a housing entity and doesn't invest in small businesses, it interfaces with a lot of that. He commented that small businesses especially that serve communities cannot succeed unless there is a healthy community with people with wealth and people with income. So through the development of targeting housing initiatives Fannie Mae works to stimulate reinvestment and revitalization, by focusing on several types of initiatives. "It is no longer just the inner cities' issue of disinvestment that we are facing," says Kantor, "but it keeps growing into the inner ring suburbs and the historical suburban communities that have been around for quite some time."

Kantor then commented on some of the demographics that affect cities, including those of his home state of Connecticut, observing:

"Those of you on the bus tour around Bridgeport yesterday got a glimpse of what our neighborhoods and real estate looks like. Bridgeport is not too atypical of most of our cities in Connecticut. We have very old manufacturing based cities, the core of large manufacturing firms, multi-family row houses that housed the workers at those plants back in the late 1800s and early 1900s and some of them were standard suburban type developments of single family development on the outer core of our cities. That is pretty much how all of our cities are organized from a real estate structural investment point of view. Most of our cities were fully built up in the 1940s and '50s, so these are old communities and tired communities, and it calls for a lot of revitalization and reinvestment, especially with the housing stock, to attract new investors and attract new resi-

dents."

He has been working with the city manager from the city of Hartford, a city councilman, the mayor and others on a major home ownership initiative for the city of Hartford. In Hartford the mayor has announced a major home ownership initiative geared toward diversifying the income base and improving housing stock. "Connecticut is a study in contrast in terms of wealth versus poverty," he said, "with the highest wealth, mostly in Fairfield county but also in other areas as well, and some of the poorest communities, from a relative basis, in the country." Kantor pointed out that Connecticut is one of the most conflicted from an asset point of view in the country, according to a report last year from the Corporation for Enterprise Development Study, a Washington, DC based organization which studies all the states and demographics information. For years Connecticut ranked at the top as having the highest medium income among the states, and in terms of the mean income, the average income, as of 2001 when this data came out, was 6th of the 50 states. In terms of mean home value, this 1998 data ranked Connecticut tenth of all the 50 states, though there was a pretty severe real estate crisis in the early 1990s, and we are just coming out from that.

Kantor said that Connecticut is a pretty healthy state in terms of education and all the other indicators of social health, ranking at the top of the states. However, the disparity of income is quite high. Whites have 1.6 times the income of blacks, but in terms of assets whites have 3.5 times the assets of all minorities in the state. The home ownership rate in Connecticut ranked 42 out of 46 states that were measured in the report, and by college education, Connecticut ranked 42 out of 46 states. In the minority entrepreneurial rank Connecticut was 32 of 50 states. In poverty by race Connecticut ranked at the bottom of all states. So that tells you that poverty and lack of income or lack of access to income between whites and minority population are difficult issues for the state. "That is what we at Fannie Mae are in a small way trying to tackle," he added. "And tax policy definitely is an issue. The state is very dependent on property taxes to fund education. It is no surprise that most of our inner cities are considered to have the poorest performing schools compared to the suburbs who have less reliance on property taxes."

[Note: In conjunction with this (cont'd on page 11)]