



MULTI-HOUSING NEWS

[ABOUT US](#) | [SUBSCRIBE](#) | [SITEMAP](#)

SEARCH [→](#)
[SITE](#) [WEB](#)

[HOME](#) | [INDUSTRY NEWS](#) | [PRODUCT GALLERY](#) | [REAL ESTATE RANKINGS](#) | [FEATURES](#) | [EVENTS & CONFERENCES](#) | [NMHC NOTEBOOK](#)

FEATURES

[SAVE](#) | [EMAIL](#) | [PRINT](#) | [MOST POPULAR](#) | [RSS](#) | [REPRINTS](#)

Perspective: Solution to Decaying Communities

Published: April 21, 2008

By Kenneth Olson, CEO, POKO Partners LLC

Towns throughout the Northeast are engaged in an interesting discussion that is surely happening across the country: what's the best way to revive a dying community? At POKO, we work with communities to address this situation and although every solution is unique, our initial conversation is almost always the same. Towns are antagonistic to new housing development, particularly multifamily housing, yet they want to increase their tax base and revive a sluggish economy. They want it both ways. Our struggle is to make them realize that the only way to achieve economic development is to put feet on the street, in stores, in restaurants, etc., and multifamily housing is one solution.



Towns in decline tend to share one over-reaching mindset -- which is that for the past 20 years, they have been overwhelmingly opposed to residential development, especially multifamily development. These same communities have several characteristics in common: aging population, declining town services, shrinking tax base and increasing real estate taxes. In many cases, there is upward pressure on housing prices, the cost of living has increased and graying residents are finding it difficult to maintain the houses that they have lived in for so long. Residents complain that their grown children can't afford to live where they grew up.

Unfortunately, this creates a vicious cycle where misconceptions impede progress due to fear of increased taxes. Many communities wrongly believe that if developers acquire property to create more dense housing, it will place additional strain on the existing infrastructure like police, water and, most importantly, schools. The fear is that new stresses placed on a weak infrastructure will increase costs and ultimately translate into skyrocketing real estate taxes. So the town, based on these misconceptions, ultimately rejects developers' offers and the downward spiral picks up speed as the population continues to age, residents are decreasingly productive and, eventually, the community begins to wither and literally die based on a self-fulfilling prophecy.

What many communities do not understand is the problem they are facing is a lack of economic growth. Some try to solve this by foolishly adding intense amounts of commercial space. However, office property creates very little in the way of an income multiplier effect if the employees are commuting from outside that community. Fact: people spend money where they live, not where they work. So, the real solution is creating a way for new people to move into a declining community. Enter the multifamily environment, where disposable income will be spent locally and the community will be on the incline in no time.

POKO is implementing this strategy successfully with the city of Norwalk, Conn. We are working with the redevelopment agency and mayor's office to completely reshape the historic downtown into a thriving urban center that is pedestrian friendly and filled with shops, restaurants and cultural activities. Our development, Wall Street Place, will lead the economic revitalization by creating mixed-income housing with rental and ownership opportunities consisting of family-sized condominiums, live-work townhouses and service-oriented retail. Creating an opportunity for young families to become part of a community generates taxable and disposable income that outweighs the investment needed in schools and infrastructure. Wall Street Place is estimated to contribute millions in taxes while the current downtown generates \$140,000.

Sometimes, towns that are not as enlightened as Norwalk try to accommodate multifamily needs by building senior housing. The problem with senior housing is that many inhabitants are already on a fixed income and it does not reinvigorate the population. Aging towns that use senior housing to create growth also find that the income multiplier effect is not enough to pay for increasingly expensive services. Although senior housing fulfills a very real need, it does not stem an economic decline.

Ironically, the very thing that these towns are trying to avoid is what they need most -- an injection of new families. Diversification, incomes, family composition all point towards a positive future for community expansion. Families spend money where they live which helps generate commerce, job opportunities and vibrant neighborhoods. It is not enough to create new housing opportunities. It must be the right mix of housing because without young people and children moving into neighborhoods, communities die. The healthiest communities offer new and diverse housing situations for a variety of people all over the economic spectrum.

The way I see it is quite simple. The future of any thriving economy is people. They eat, they go to movies, they run errands like those involving dry cleaning and laundry -- the list of potential spending, or untapped fiscal community growth opportunity, is insurmountable. Common sense dictates if the local economy is thriving, the natural conclusion is that the town will. As someone who owns a development company specializing in affordable housing and not just overpriced luxury spaces very few can afford, I passionately adhere to this philosophy and constantly ask others to embrace the idea. It's not just a vision, it's a simple mathematical prophecy. I, as a builder, actually do NOT believe "if you build it, they will come," but believe in "if you build the RIGHT 'it,' they will come."

The opinions expressed in this column are those of the author and not necessarily the editors. To comment on this column or to express interest in writing a Perspective, contact Diana Mosher, editor-in-chief, at dmosher@multi-housingnews.com.

[Newsletter Sign-Up](#) [→](#)

[Request Product/Services Info.](#) [→](#)



Latest Headlines:

- [Give Your Business Its Own Books](#)
- [Ladies First](#)



[JOIN THE DISCUSSION](#)
MULTI-HOUSINGNEWS blog

[ABOUT MHW](#) | [MHN OUT AND ABOUT](#)

Builders, developers, owners, architects, property managers and other professionals convene at Multi-Housing World to get the latest information they need to build their businesses, discover innovative products and network with peers.

Registration is not yet open - [CLICK HERE](#) to receive updates as they become available.

[MORE](#) [→](#)