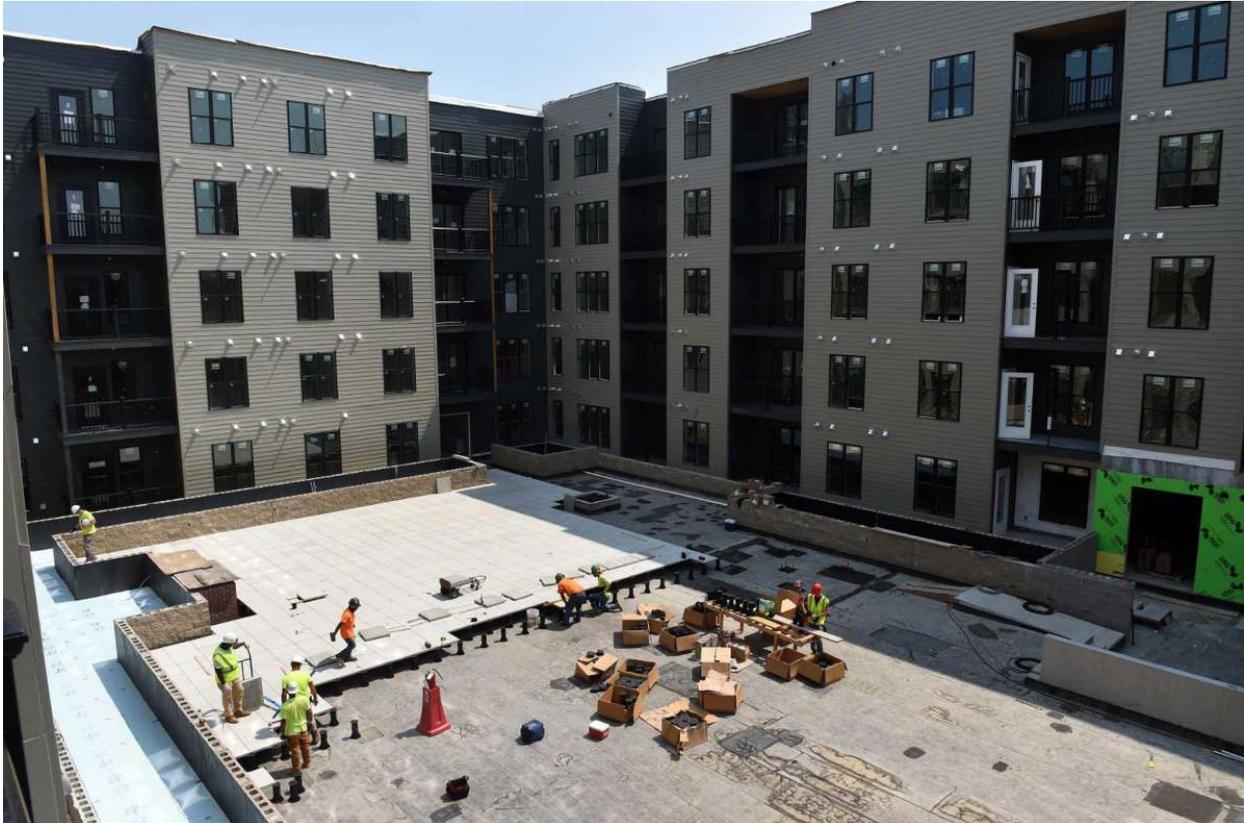


# New Haven Register

## On the global map': New Haven apartment market booming to meet demand

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*Pavers are installed in the Sports Courtyard of the Olive & Wooster Apartments in New Haven on July 22, 2021. Arnold Gold / Hearst Connecticut Media*

NEW HAVEN — It seems like not a month goes by without new apartments being proposed in the city.

New Haven's apartment development is hotter than a sunny mid-July day. Even in the midst of the pandemic in 2020, the city's apartment development spree continued unabated.

Through the first five months of 2020, city officials issued housing permits for 688 units. By comparison, the same period in 2021 has produced 163 housing permits.

But Steve Fontana, the city's deputy director of economic development, said currently there are 791 units of market-rate multifamily housing under construction in the city. Multifamily housing includes, but it not limited to, traditional apartment complexes.



Fontana said the lure of New Haven for apartment complex developers predates the pandemic.

“There’s a significant demand and right now I think we’re seeing projects being built that secured their financing before COVID,” Fontana said. “It takes awhile for developers to get their projects in order and catch up with demand.”

Because of that lag, “there is still a very tight market, not a lot of vacancies,” in the city, he said.

Among the apartment projects proposed for New Haven are:

A 34-unit apartment complex on Grand Avenue.

A mixed-use development 129 Church St. with retail on the ground floor and 92 apartments on the third through ninth floors.

Plans by Spinnaker Real Estate Partners to redevelop the former New Haven Coliseum site off Orange and State streets downtown, which includes developing 200 apartments in the first phase.

A few decades ago, city officials and housing experts said much of the apartment living in New Haven was driven by its proximity to New York City. With New Haven a two-and-half-hour train ride from midtown Manhattan, the Elm City was viewed by many commuters as the easternmost location that people could live and travel five days week into New York.

Since then, “we’ve seen a paradigm shift,” Fontana said, with more of a focus by apartment dwellers working in New Haven or surrounding communities or commuting slightly longer distances to jobs elsewhere in Connecticut.

## **One developer’s story**

Darren Seid is one developer who is bullish on New Haven. His company, Epimoni, has one apartment complex currently under construction in the city’s Wooster Square section and another currently in the planning stages in the same neighborhood.

The project under construction on Olive Street will have 299 apartment units and 8,000 square feet of retail space, Seid said. The first units will become available in November, he said, with the remainder of the project completed sometime in 2022.

“It’s a city with great fundamentals,” Seid said when asked about his current focus on New Haven. “It’s got population growth, high-paying job growth and an incredible Ivy League university that is older than America itself. A lot of people who come out of Yale and the other area universities want to stay here after they graduate or move back here after they have established themselves.”

Seid said the city’s planning and economic development offices have shown themselves to be understanding of his needs as a developer.

“The way the city moves projects through is pro-development,” he said. “It’s a comforting process.”

The six-story apartment complex Seid currently has under construction “is at an interesting stage right now,” he said.

“It’s really coming into form, taking shape now,” Seid said.

The complex will offer an array of living options, he said, from a standard studio apartment all the way up to a four-bedroom, four-bath space. The studio apartments are available for \$1,100 to \$1,200 per month.

But Seid is quick to point out that all of the apartments in the complex will come with amenities and features included in the monthly lease payment. They include:

Units that come with furniture.

An outdoor pool.

Internet service.

Two gyms: One indoor and one outdoor.

Another interesting service that will be offered to prospective renters, Seid said, is a tenant matching service.

“If you and a friend like the look of a four-bedroom, but can’t find someone who will come in with you on it, we’ll find two other people interested in sharing the space with you,” he said. Initially, the tenant matching will be offered only for the four-bedroom units, but Seid said if the rollout proves popular, it will be available for smaller units.

Seid said that, as a developer, he “wanted to attract multiple types of tenants.”

“We wanted to be able to speak to the widest portion of the market possible,” he said.

## **The economy and its effect on housing**

Economists long have maintained the strength of New Haven’s economy is its focus on “eds and meds” — or, education and medicine. The significant presence of educational institutions and health care facilities are said to serve as a dual economic driver.

Donald Klepper-Smith, chief economist and director of research for New Haven-based DataCore Partners, said the “eds and meds” economy has put the city and surrounding suburbs in a better economic position than other parts of Connecticut because there always is a demand for education and health care.

“The economic engines of the New Haven-area economy have transformed over the last 100 years,” Klepper-Smith said. “One hundred years ago, it was manufacturing. Now it’s health care, biotech and education and you have some real strong numbers showing that New Haven is one of the places where real strong job creation is going to continue to come from.”

Fontana said demand for apartments in New Haven also has benefited from the creation of Shoreline East, commuter rail that serves the city’s eastern suburbs, and The Hartford Line, which provides more frequent trains to Hartford and north to Springfield, Mass.

John Boyd, whose Princeton, N.J.-based company evaluates locations for many of the nation’s corporate behemoths, said a key criteria that companies use in assessing where to locate their businesses is adequate housing for workers. The housing component is so important to companies that some offer incentive for developers to build apartments and single-family homes, according to Boyd.

New Haven is well positioned to further bolster its existing life sciences sector, which includes biotechnology, he said.

“It’s a sector that is highly mobile and likes to locate in close proximity to academic institutions,” Boyd said. “And when you factor in the cost of living advantages the area has over New York or Boston, it’s really a perfect storm. New Haven is a destination in and of itself; it’s on the global map for premier intellectual capital.”

A number of national surveys, he said, “have found that (Gov.) Ned Lamont is someone who the business community trusts.”

“The state’s fiscal house is in a lot different position than it was before,” Boyd said.

### **Demographics, lifestyle shifts also play a role**

Klepper-Smith said the boom in apartment complexes being built in the city also is the result of “a profound demographic shift.”

“You’ve got millennials strapped with student debt that prevents them from becoming homeowners as early as previous generations had,” Klepper-Smith said. “Millennials are a different breed and are looking for different things. They aren’t looking to be as hands-on.”

Klepper-Smith said COVID-19 also had an impact in making apartment living in New Haven more attractive.

“The COVID situation resulted in the largest displacement of labor in the country, not just how they work, but where they work,” he said. “Home isn’t just a place to call home, it’s a place to call work.”

With many people working from home amid the pandemic, it has recast notions that workers were at their most productive when they were in an office setting, according to Klepper-Smith.

Jed Backus, president of the Guilford-based group New Haven Middlesex Realtors, said the apartment development boom mirrors a national trend in which people are getting married later in life and switching jobs multiple times in their lives. Those factors make apartment living more attractive and more desirable.

“You also have a group of millennials who questioned if buying houses was as good an idea as it was cracked up to be because of the 2008 economic crash,” Backus said.

## Hot apartment market also has drawbacks

With demand for apartments in New Haven nearly outstripping the availability of the units, a segment of the those already living in the city or looking to move here “may find themselves priced out of the market,” said David Cadden, a professor emeritus at Quinnipiac University’s School of Business.

“The apartments get filled, the price of apartments go up and you make it impossible for people of more modest means to live in the city,” Cadden said.

Leah Hartman, a distinguished lecturer at the University of New Haven, said it is incumbent upon New Haven officials and those with other Connecticut cities with hot apartment markets to create mechanisms that ensure some rental units are available for those of modest means.

“It should not just be in the more privileged neighborhoods, either,” Hartman said.

Fontana said he and other city officials are working on what they call “an inclusionary zoning requirement.” He said Stamford already has such a mechanism in place.

Stamford mandates that 10 percent of all new multifamily housing developments be dedicated to below-market-rate housing. Developers can circumvent that mandate by paying out money that the city applies to the development of more affordable housing.

Developers had built about 250 below-market-rate units through the city’s program as of the end of January, just under one-quarter of the below-market-rate housing stock in Stamford.

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