

REBUILDING RENEWAL



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Make-It Springfield, Springfield, MA
June 30, 2016

Rebuilding Renewal



AN ANALYSIS OF STATE INVESTMENT IN GATEWAY CITIES
AND DELIVERING TRANSFORMATIVE DEVELOPMENT



Today's Presentation – New Gateway City Research

- State investment from FY 2009-2013
 - Gateway City shares by category
- Real estate development trends
 - Gateway Cities falling further behind during economic recovery
- Case studies of catalytic investment and policy context
 - Three ideas to help deliver transformative development

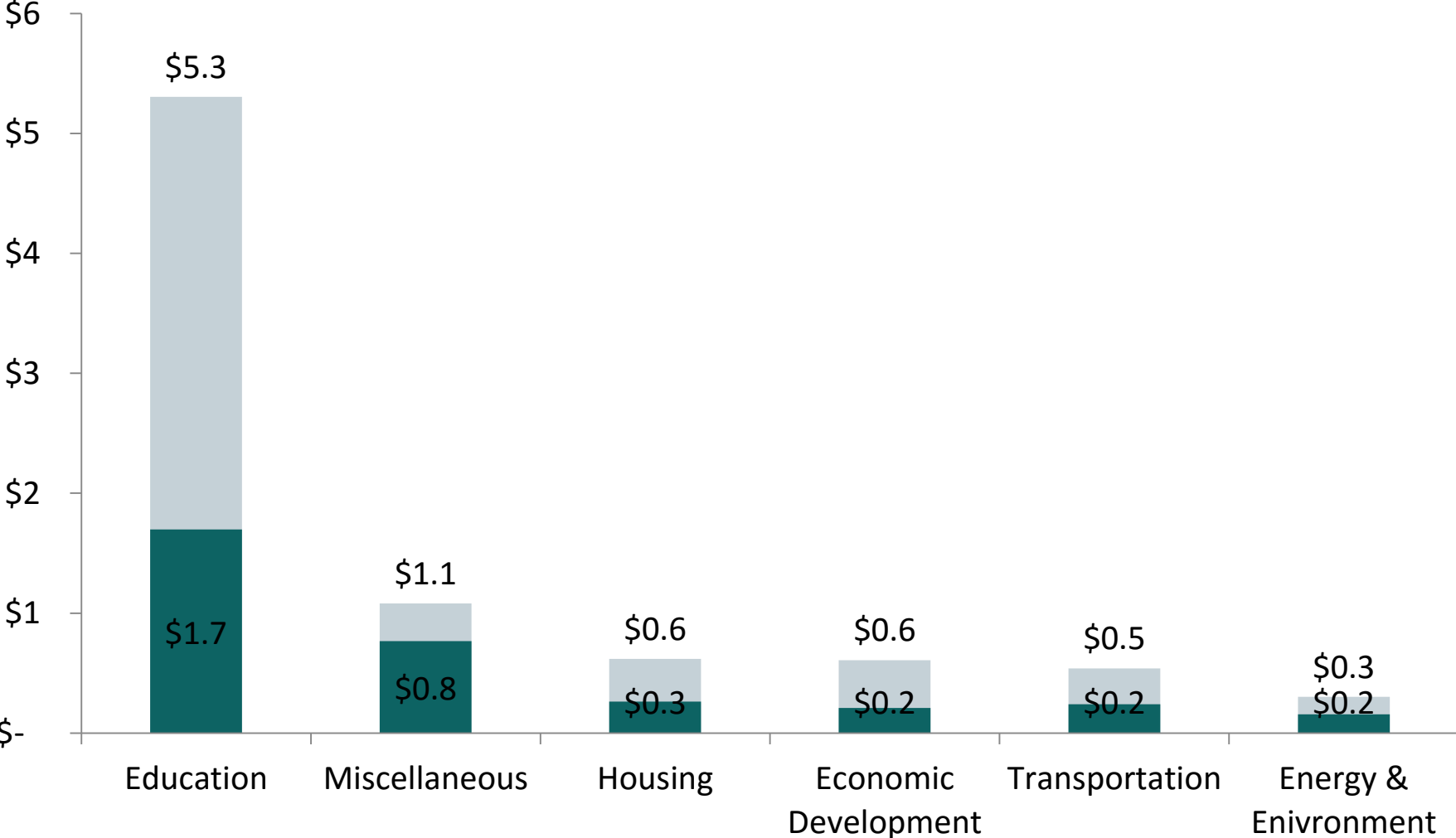


STATE INVESTMENT ANALYSIS

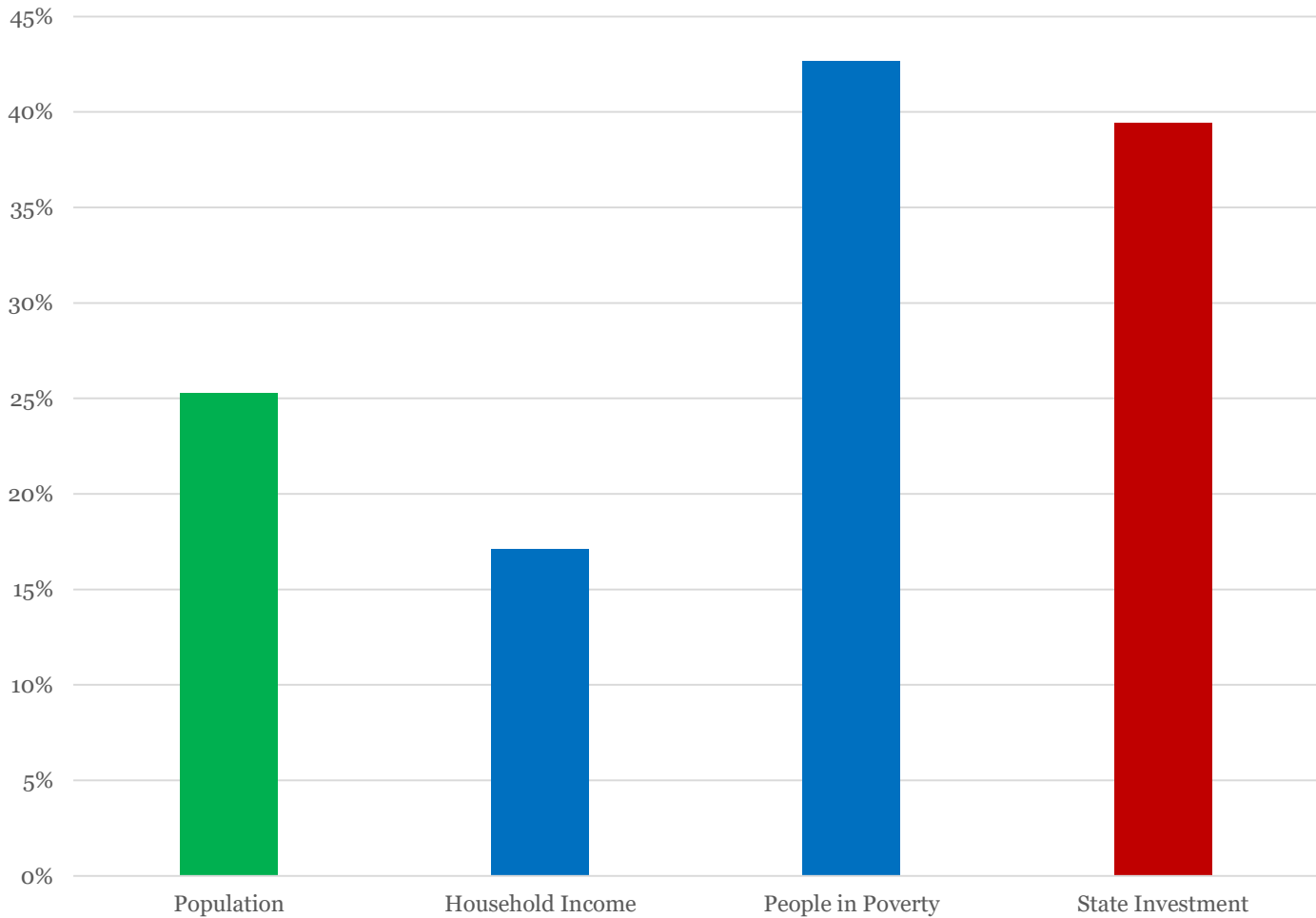
FY09-FY13



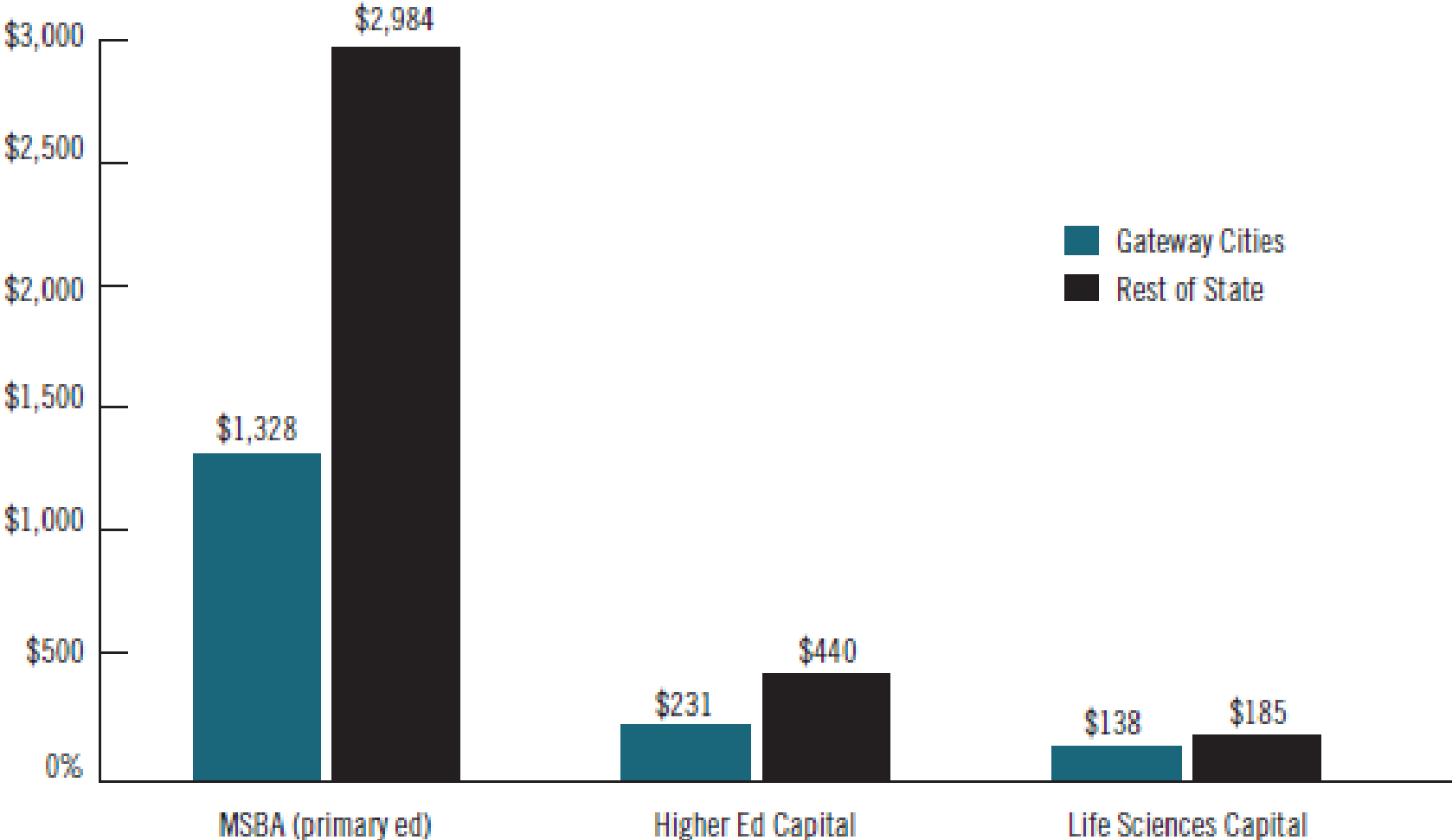
FY 09 to FY13, Massachusetts invested **\$3.3 billion** in Gateway Cities; nearly half went to educational facilities



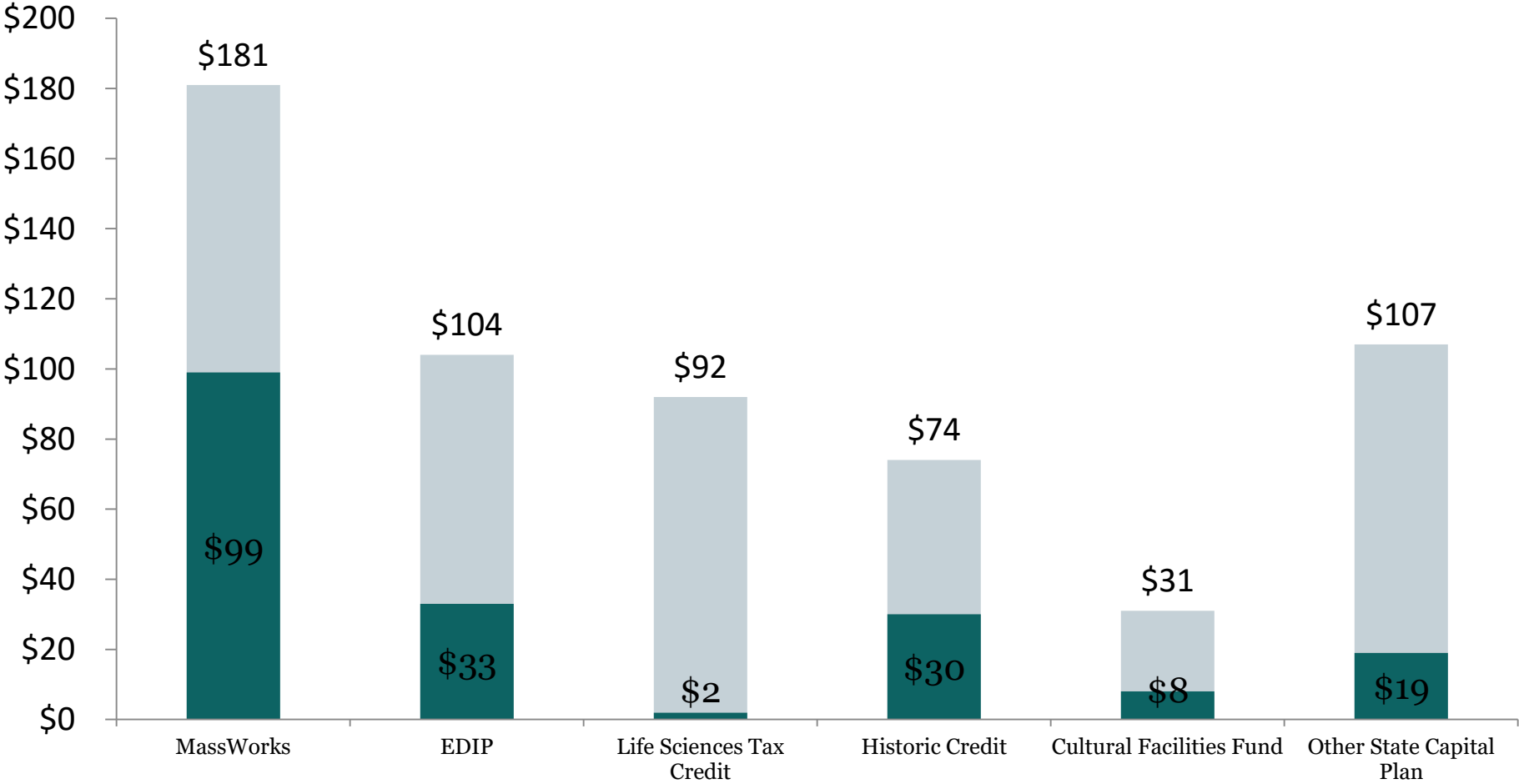
FY 09 to FY13, Gateway Cities received 39% of state total



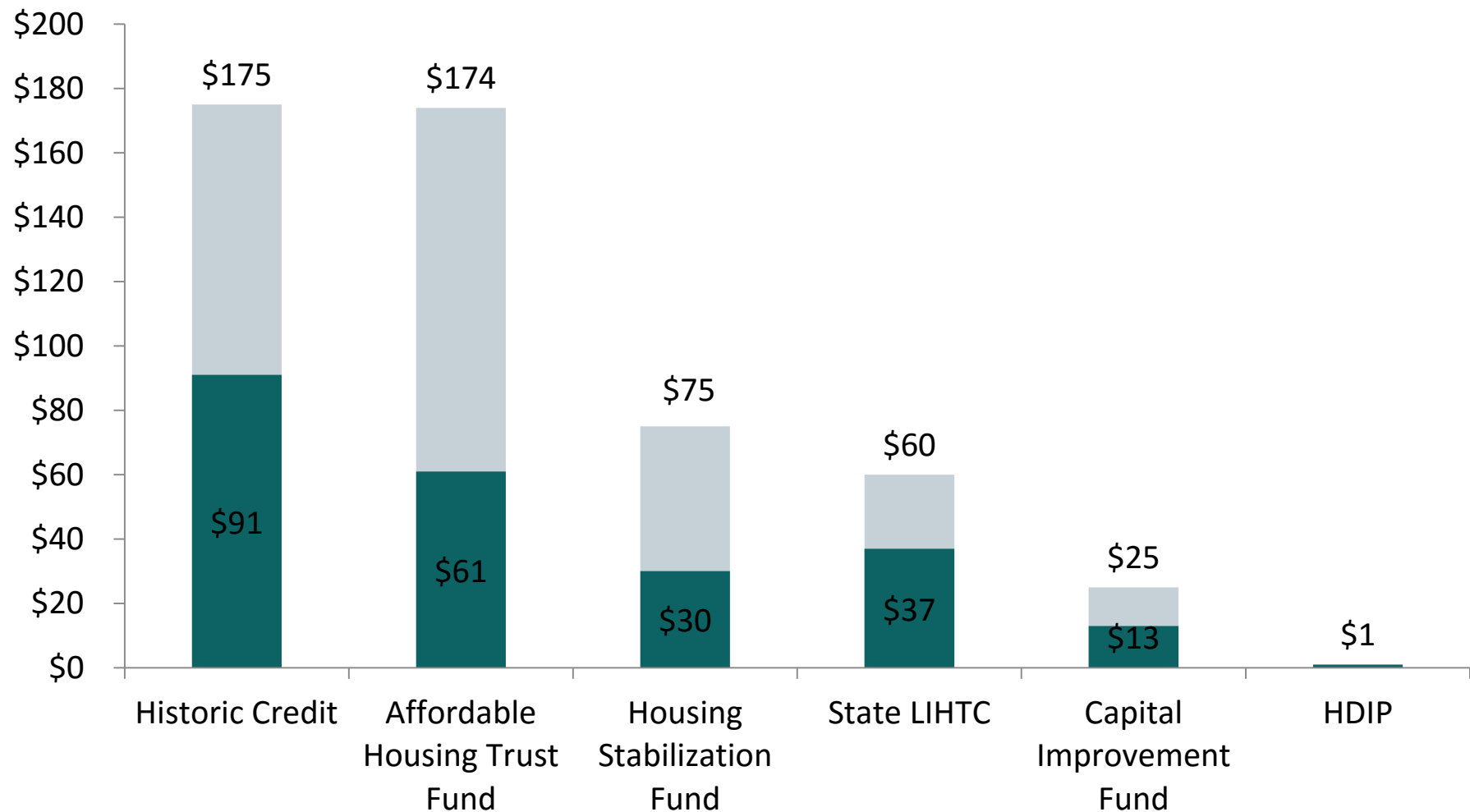
Most of this investment in educational facilities went to K-12 schools



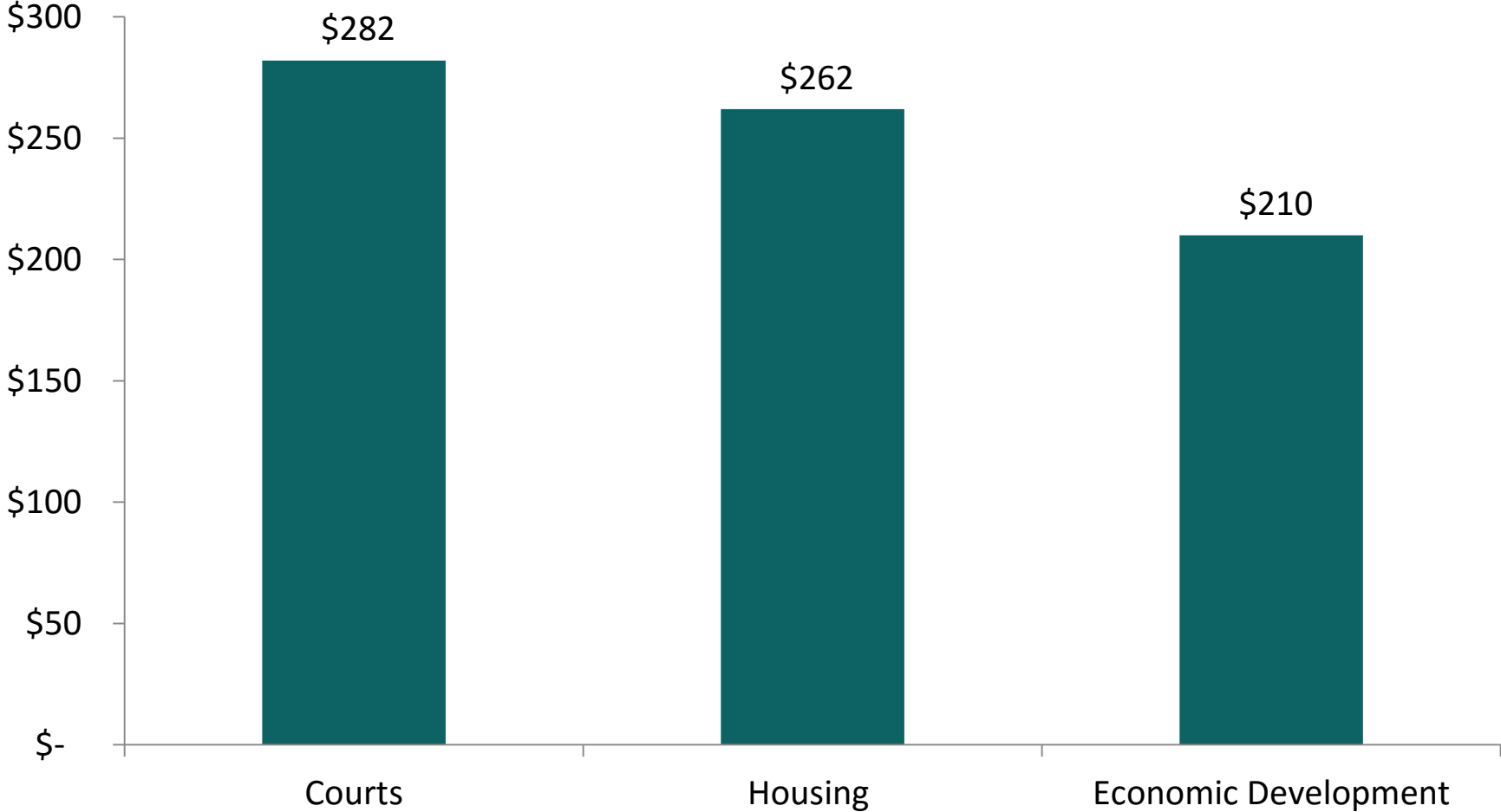
MassWorks accounted for more than half of the state's economic development investment in Gateway Cities



Historic tax credits provided the most important resource for housing development in Gateway Cities



Massachusetts invested more in court houses than in housing or economic development between FY 09 & 13 – few large-scale investments for transformative development





GATEWAY CITY
REAL ESTATE
MARKET TRENDS

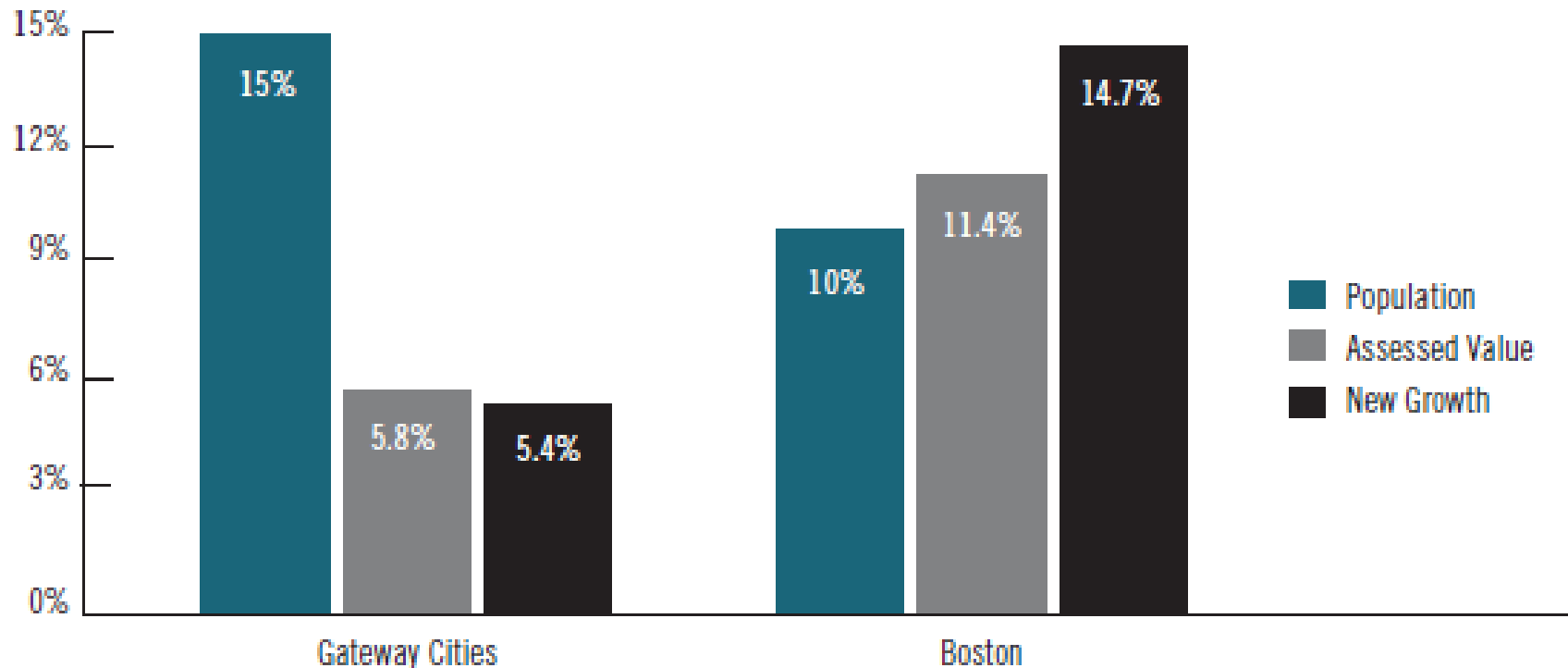


Comparing Pioneer Valley Gateway Cities to State

- Holyoke and Springfield have much lower household incomes and much higher poverty rates, compared to state and all Gateway Cities
- Holyoke and Springfield are economic centers with jobs but many workers live in surrounding towns
- Chicopee and Westfield have lower poverty rates but still have challenges and lower income than state average

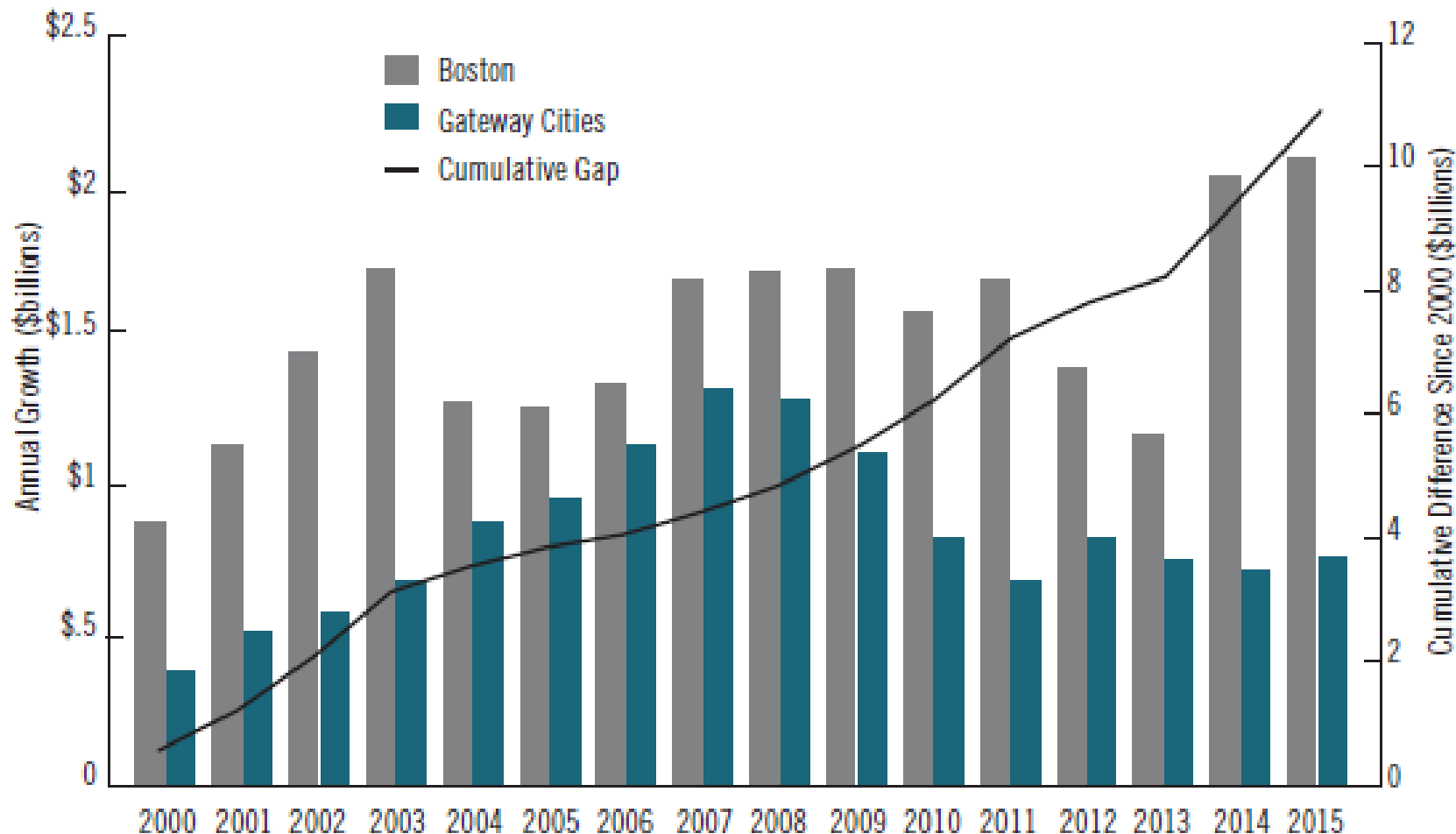
Gateway Cities	Population	Employment	Jobs/Pop Ratio	Median Household Income	Poverty Rate
Chicopee	55,795	18,874	0.34	\$47,276	12.7%
Holyoke	40,124	22,009	0.55	\$35,550	29.3%
Springfield	153,991	78,625	0.51	\$34,731	28.9%
Westfield	41,608	18,490	0.44	\$60,845	10.0%
Gateway Cities	1,705,443	696,088	0.41	\$47,842	18.6%
Massachusetts	6,745,408	3,363,035	0.50	\$67,846	11.0%

Gateway City real estate markets are underperforming their share of the state population; Boston is dramatically over-performing

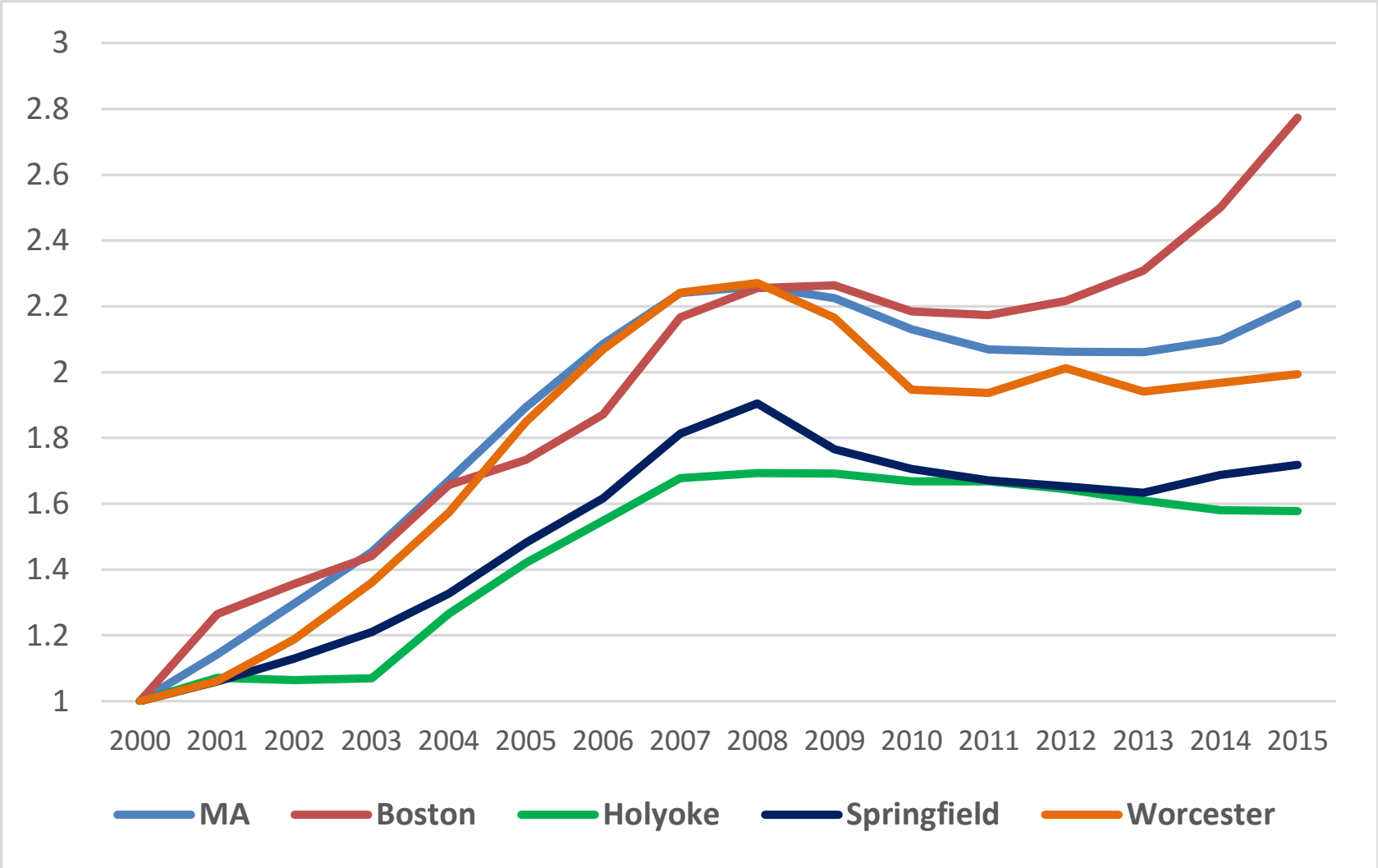


Since 2000, Boston has added \$11 billion more in “new growth” to its tax rolls than Gateway Cities

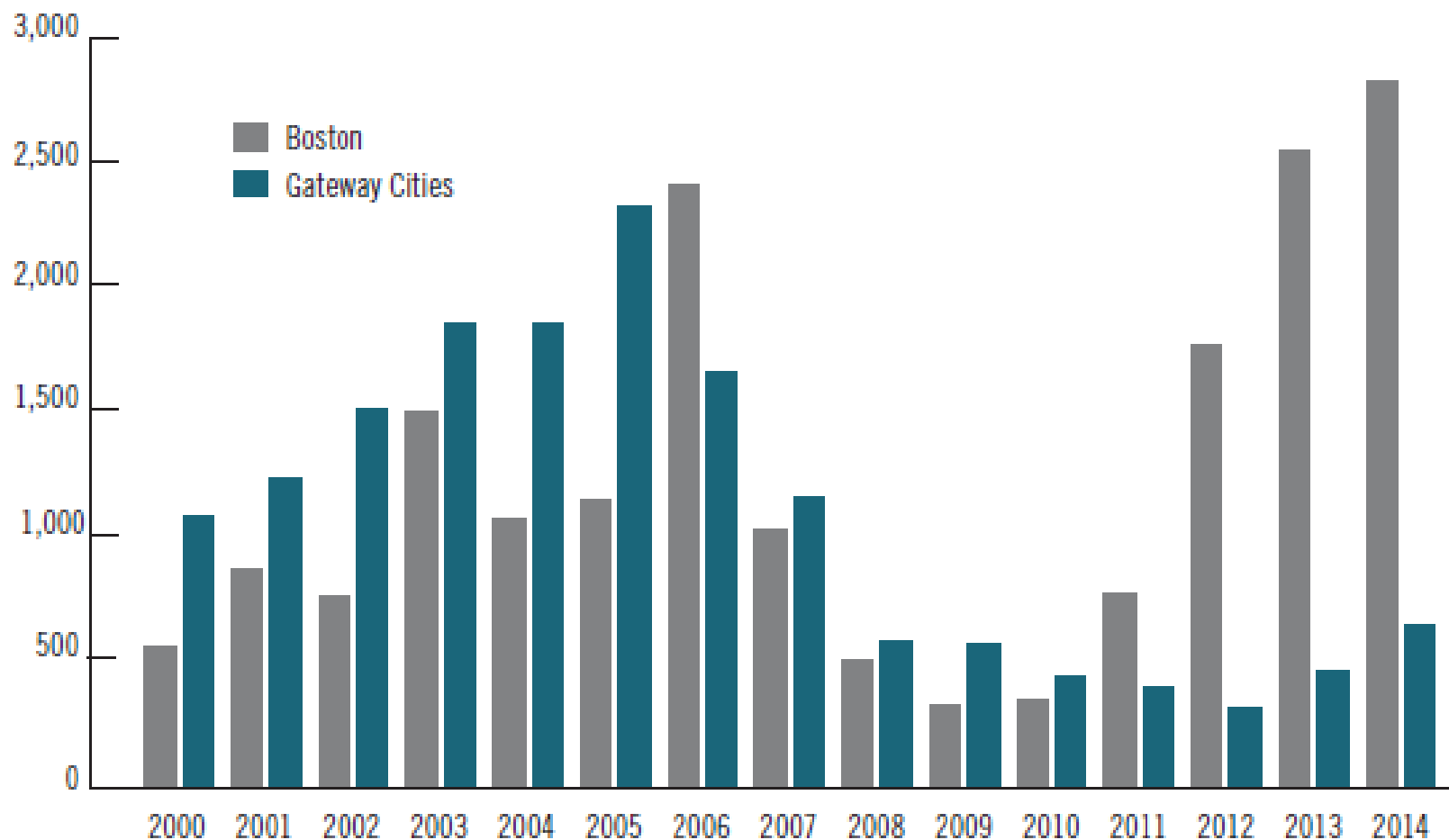
Annual New Growth Development and Cumulative Difference, 2000–2015



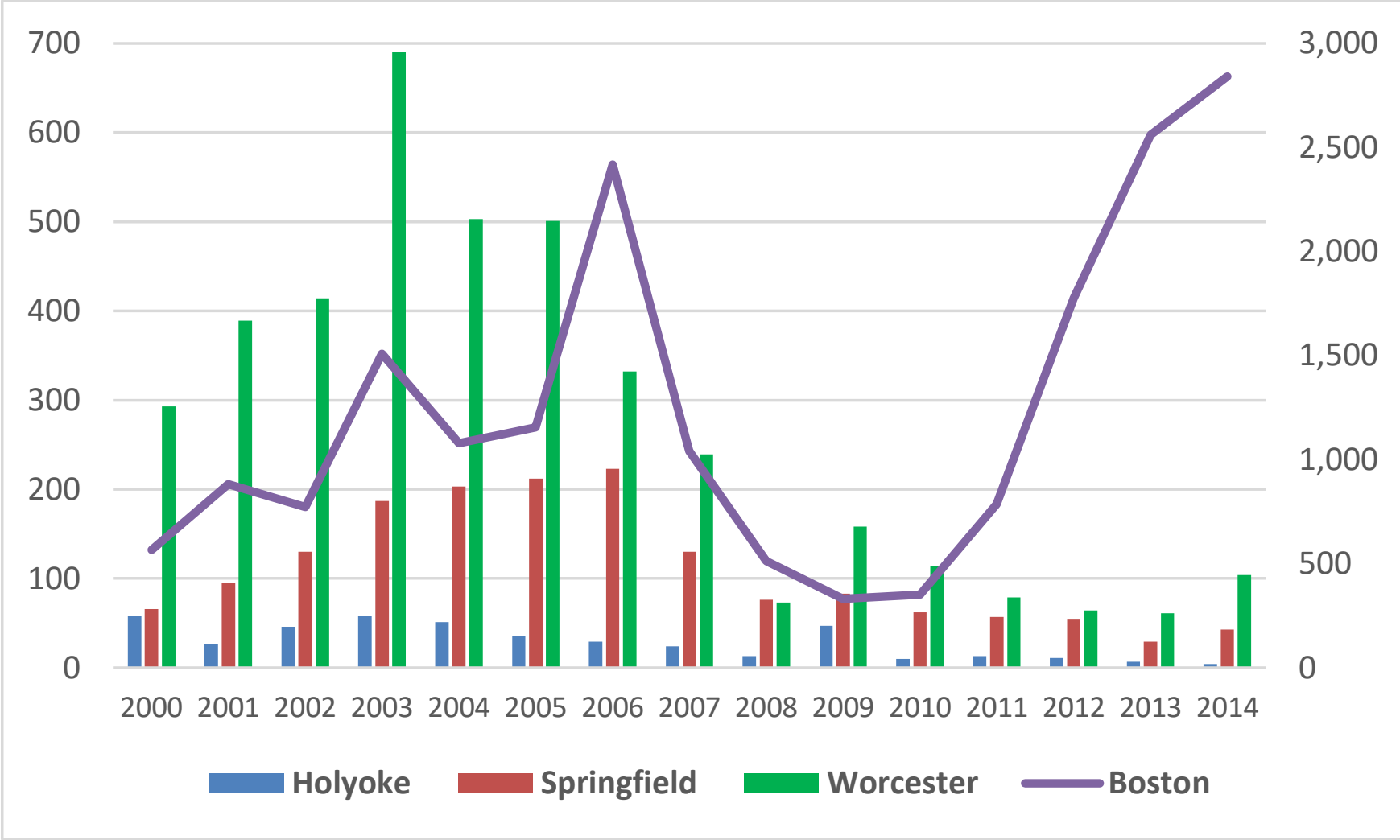
Growth Index for Assessed Property Values 2000-2015 – Holyoke and Springfield trail MA, Boston and Worcester



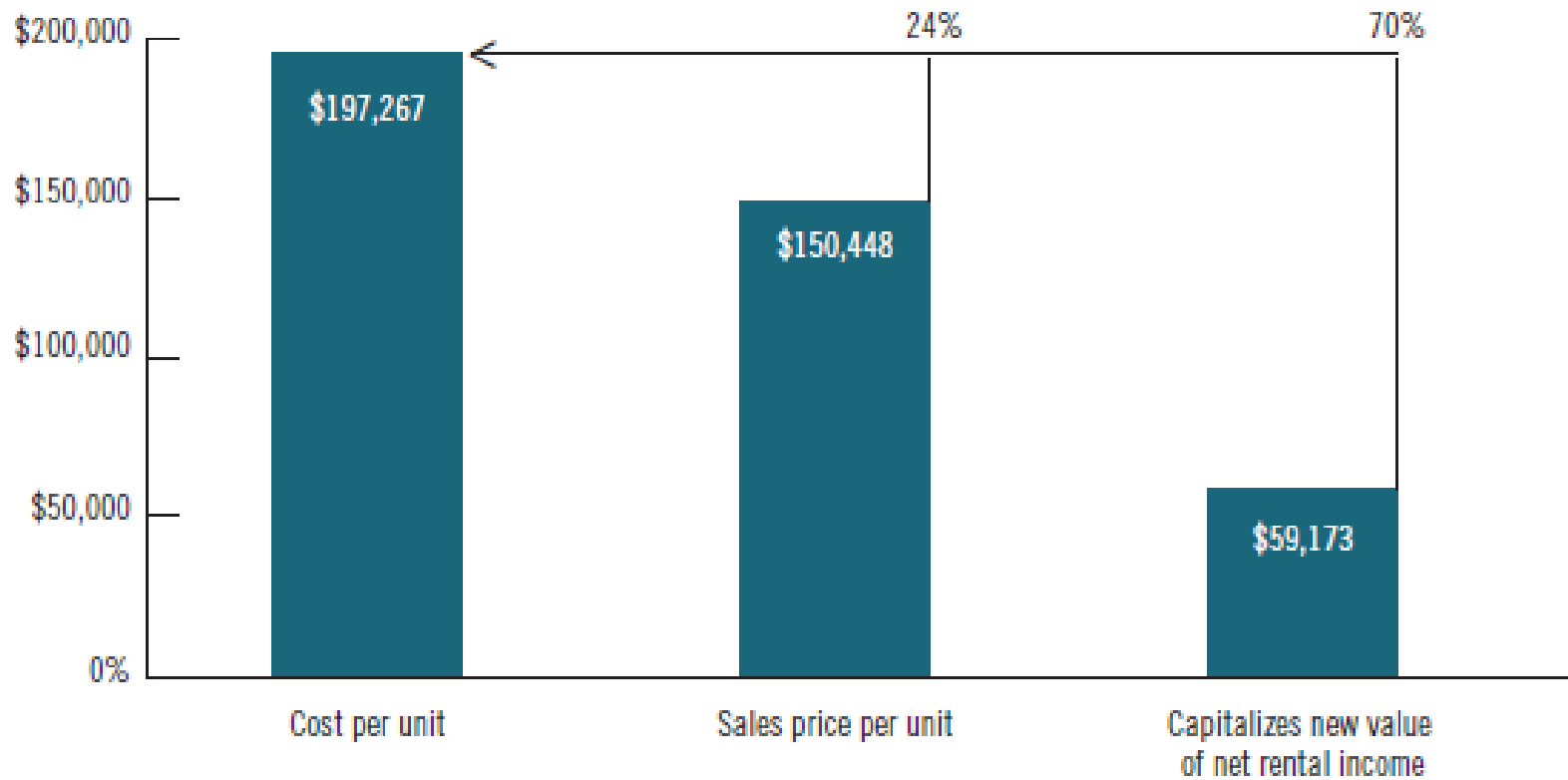
Building permits in Gateway Cities exceeded Boston every year from 2000 to 2011 (except 2006) – dramatically different story over last few years



Building permits in Holyoke and Springfield trail Worcester and Boston; are well-below pre-recession levels



The “market gap” makes it financially unfeasible to build or redevelop in Gateway Cities



Some examples of catalytic investments – Gateway Cities

- Lowell, MA – Hamilton Canal District
- Worcester, MA – CitySquare
- Each major project had a number of common elements to achieve success:
 - Sustained vision and commitment of public, non-profit and private leaders
 - Public investment (e.g., MassWorks) to help with infrastructure, roads, environmental remediation
 - Mix of anchor tenants (hospitals, insurance, UMass) and attracting small-medium sized diverse businesses
 - Connection/integration to downtown and commuter rail

Some examples of catalytic investments – New York State

- Buffalo Billion - \$1 billion on economic revitalization guided by development strategies and target industries
- New York Upstate Revitalization Initiative (URI) - \$1.5 billion to 3 regions
- Goals of the URI:
 - Significant increase in permanent private sector jobs paying above average wages
 - Widespread increase in household wealth
 - Leverage public investment with 5 to 1 private investment
- Competitive application process based on strategies
- NY used financial settlement funds – intentional choice to use those funds for upstate NY revitalization

Delivering Transformative Development

- Identify revenues to increase the level of investment in transformative development
 - Baker Administration economic development expands funding in TDI, brownfields, MassWorks, land assembly, etc.
 - Given MA fiscal realities, further increases will be difficult but some options worth exploring if we want to “move the needle”
- Better align investments with targeted redevelopment strategies
 - Use project selection criteria such as location in TDI District and will the project attract follow-on private investment
 - Creative/innovative higher education investments
- Increase transparency and accountability
 - Create system/methods to track and evaluate state investments

For More Information

Full Report located on MassINC web site:

<http://massinc.org/research/rebuilding-renewal/>

Hodge Economic Consulting:

<http://www.hodge-econ.com/>