

# REBUILDING RENEWAL



Make-It Springfield, Springfield, MA  
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# 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

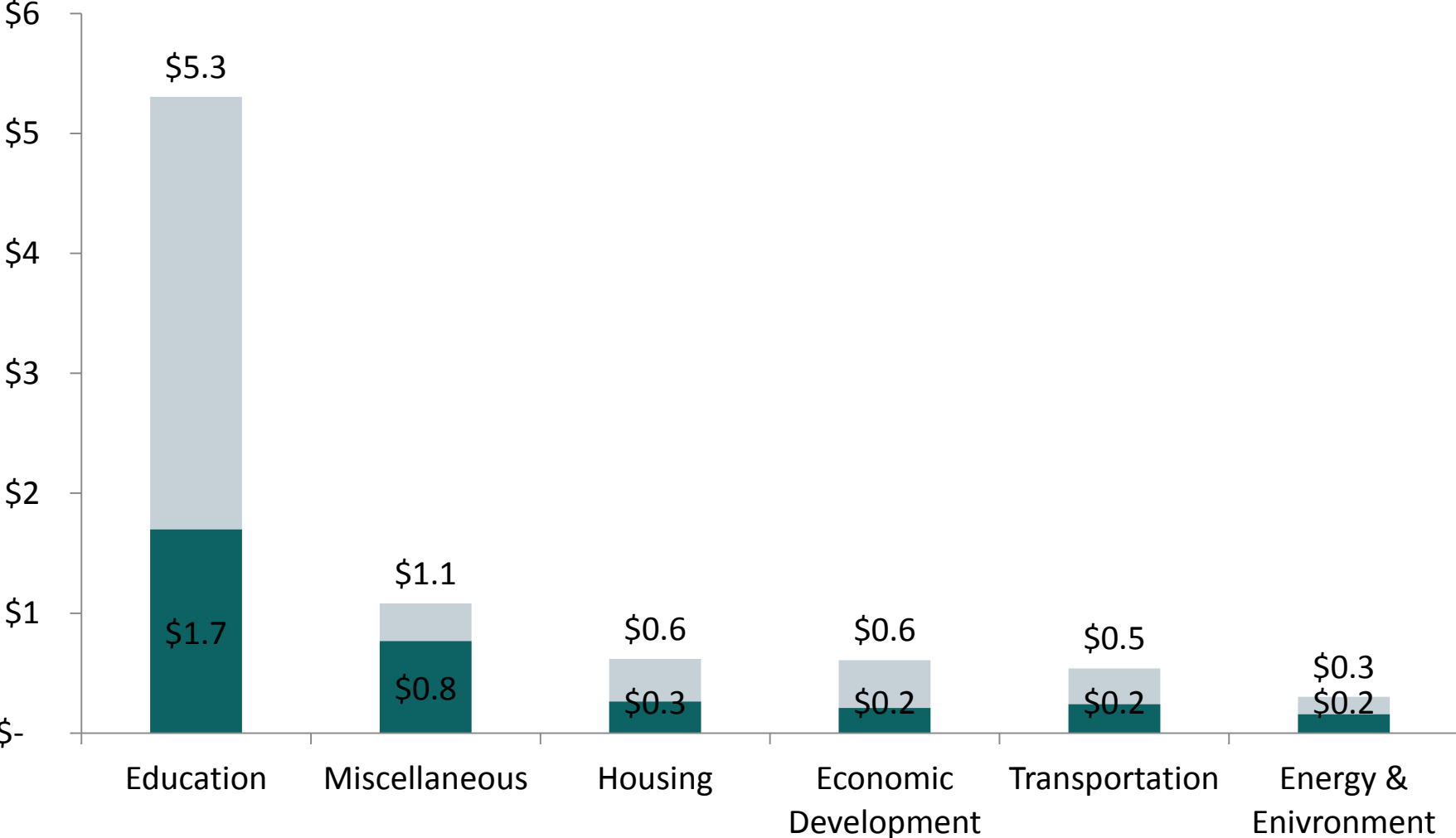


# STATE INVESTMENT ANALYSIS

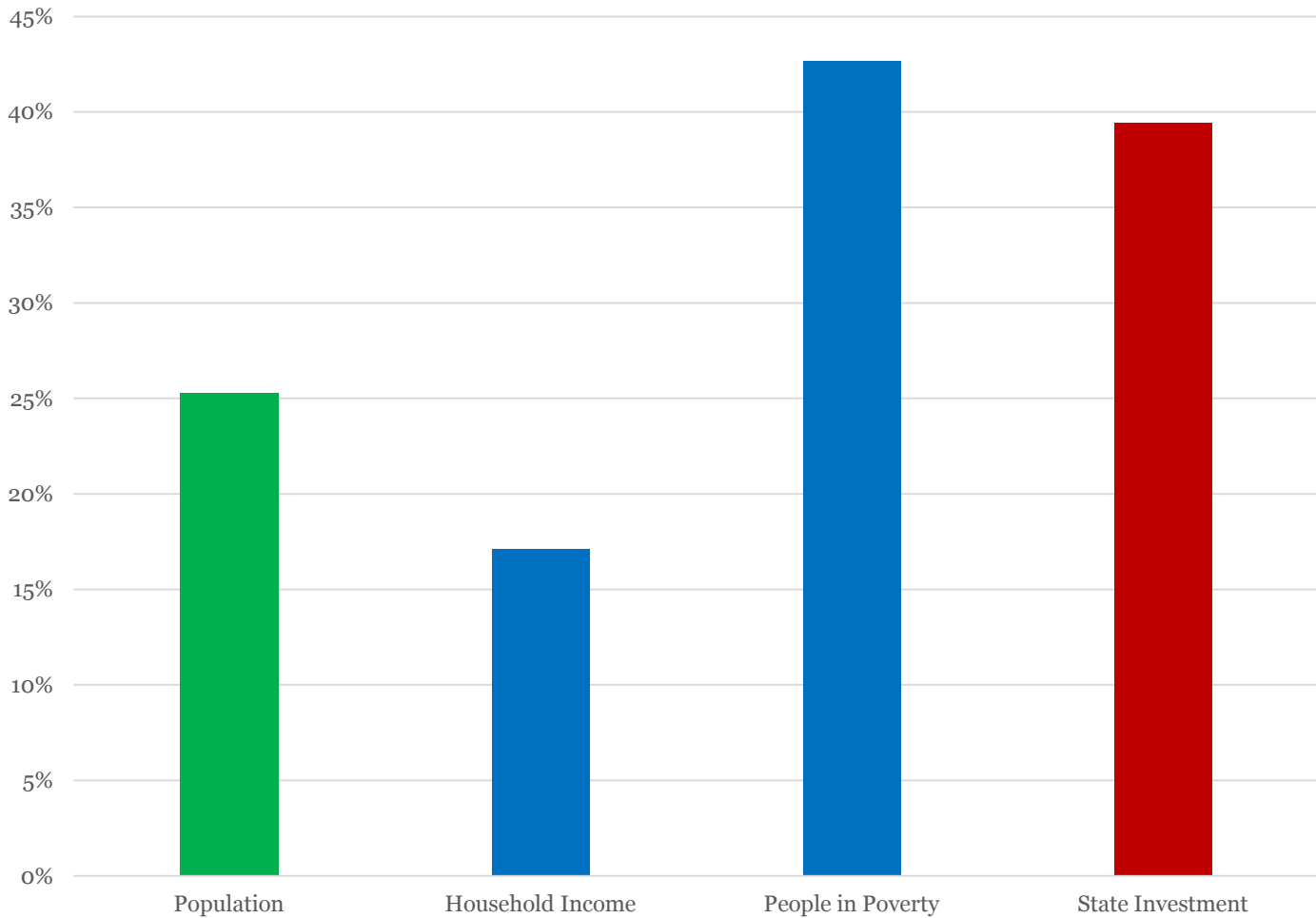
FY09-FY13



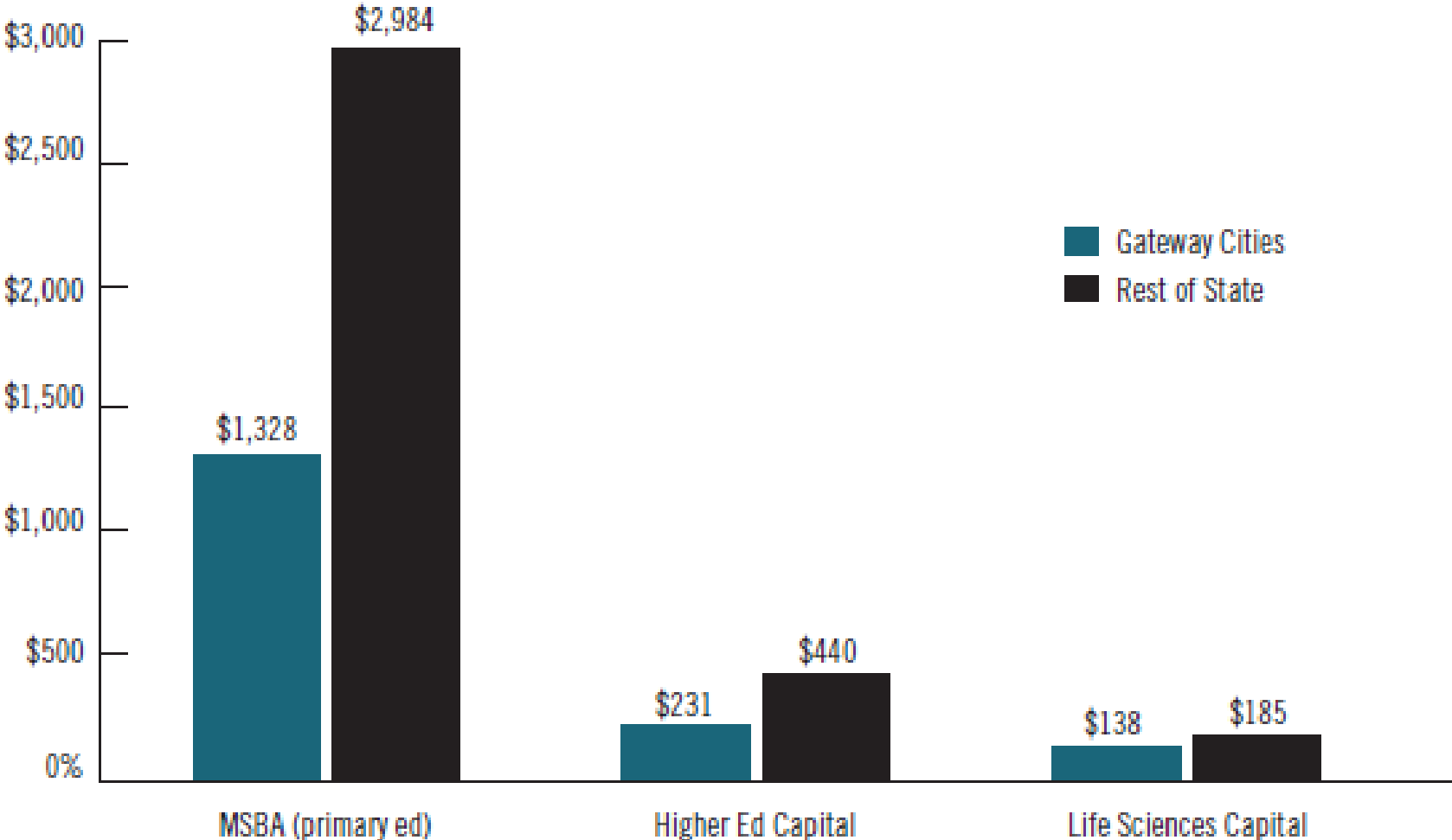
# FY 09 to FY13, Massachusetts invested **\$3.3 billion** in Gateway Cities; nearly half went to educational facilities



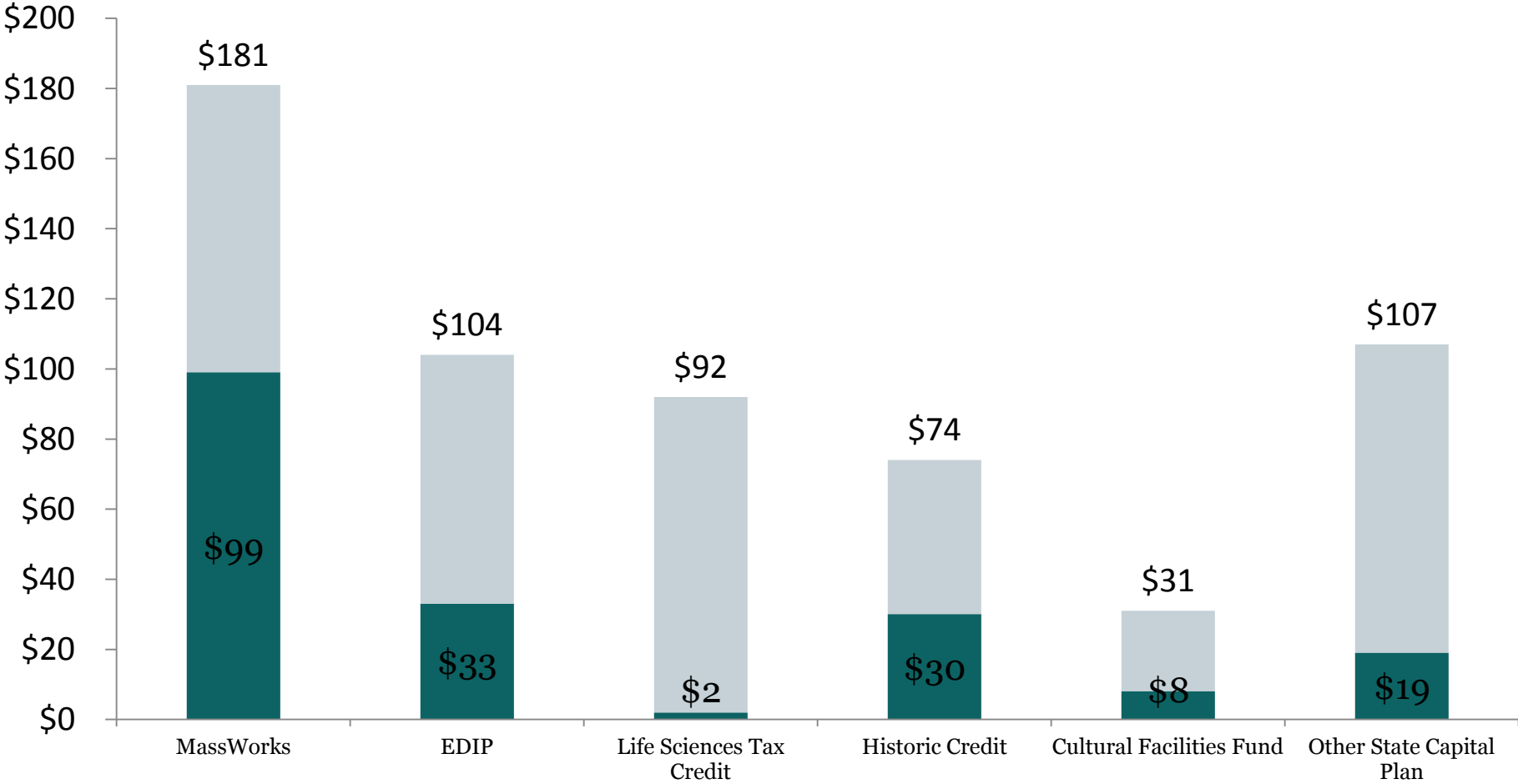
# FY 09 to FY13, Gateway Cities received 39% of state total



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

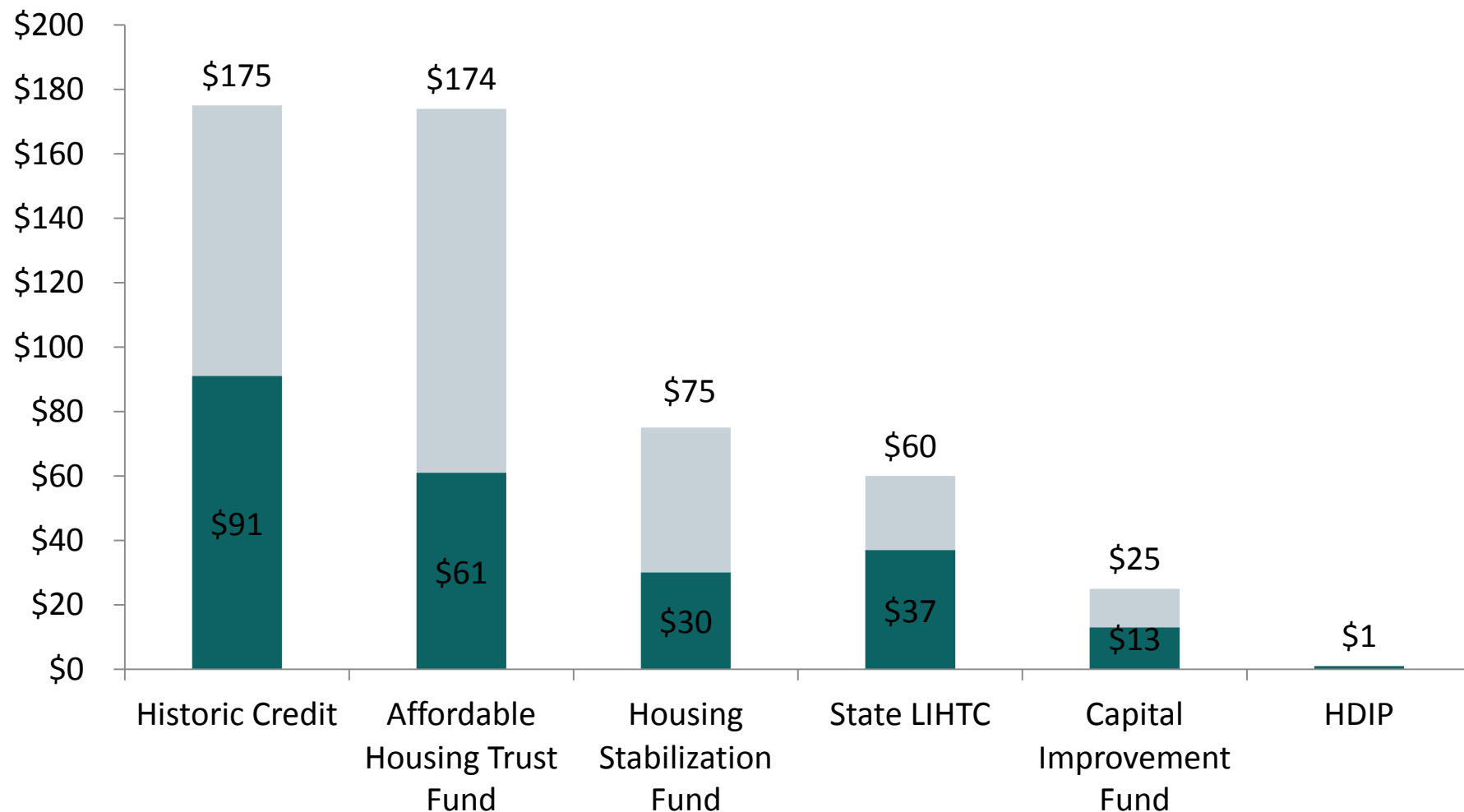


# MassWorks accounted for more than half of the state's economic development investment in Gateway Cities





# 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

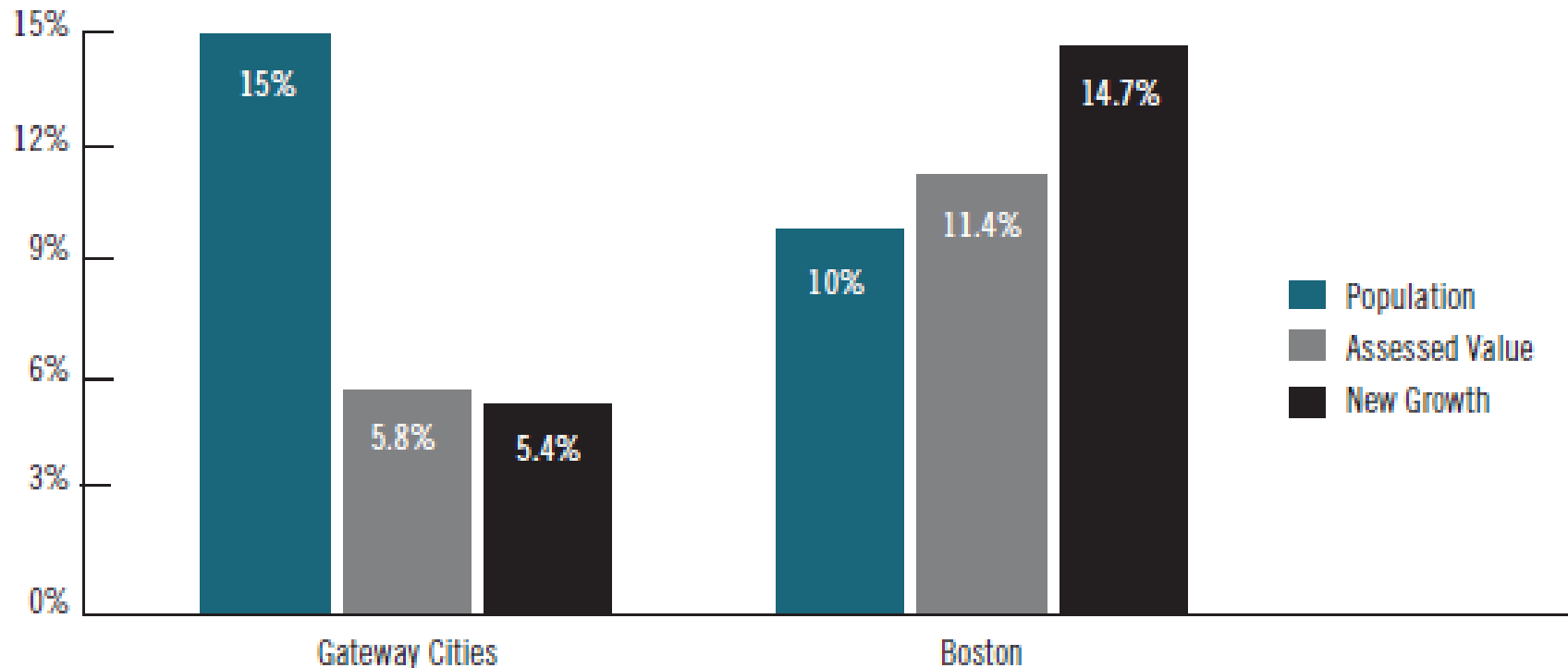


# Comparing Pioneer Valley Gateway Cities to State

- 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

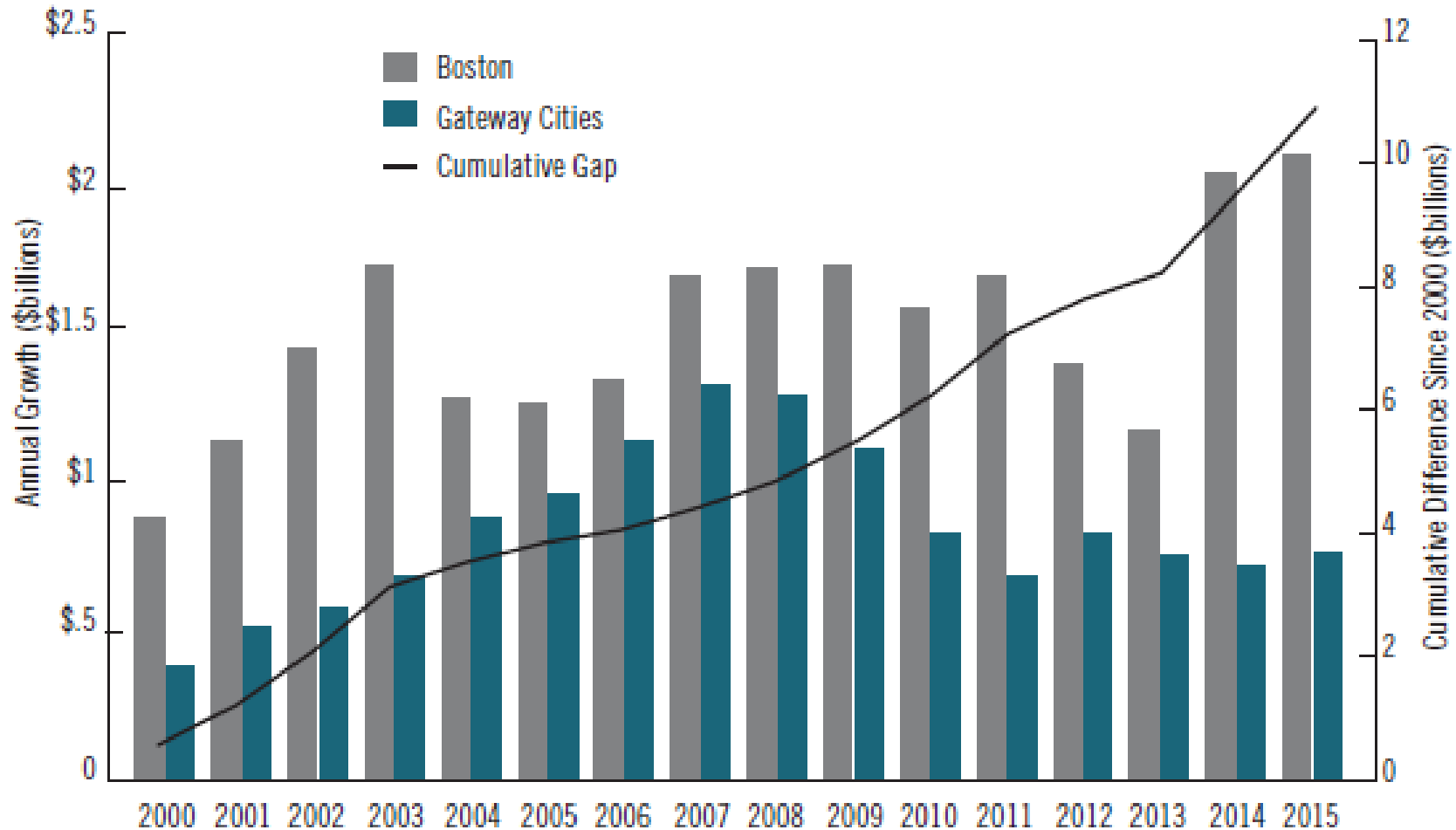
Gateway Cities	Population	Employment	Jobs/Pop Ratio	Median Household Income	Poverty Rate
Chicopee	55,795	18,874	0.34	\$47,276	12.7%
Holyoke	40,124	22,009	0.55	\$35,550	29.3%
Springfield	153,991	78,625	0.51	\$34,731	28.9%
Westfield	41,608	18,490	0.44	\$60,845	10.0%
Gateway Cities	1,705,443	696,088	0.41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

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

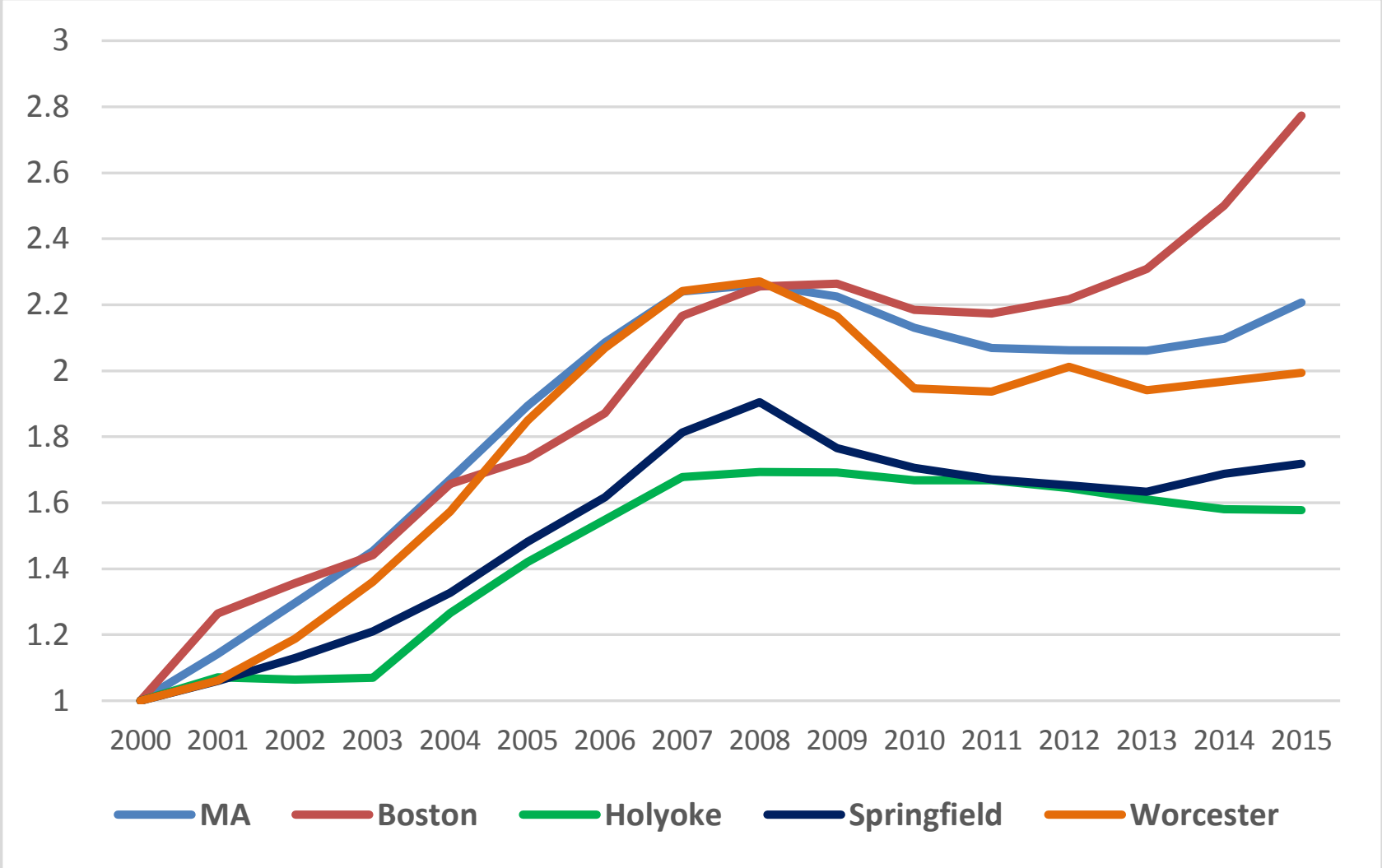


Since 2000, Boston has added \$11 billion more in “new growth” to its tax rolls than Gateway Cities

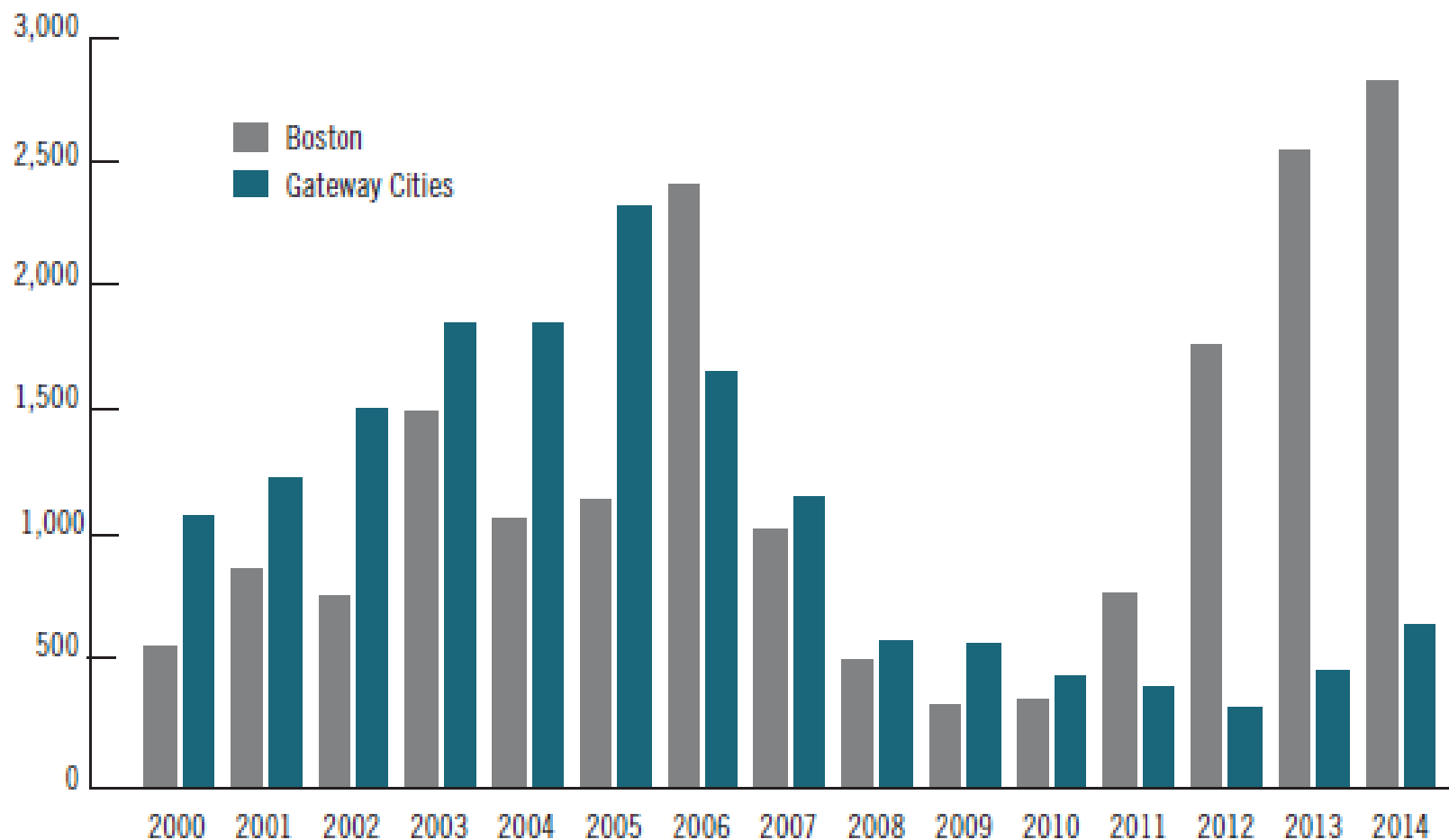
Annual New Growth Development and Cumulative Difference, 2000–2015



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

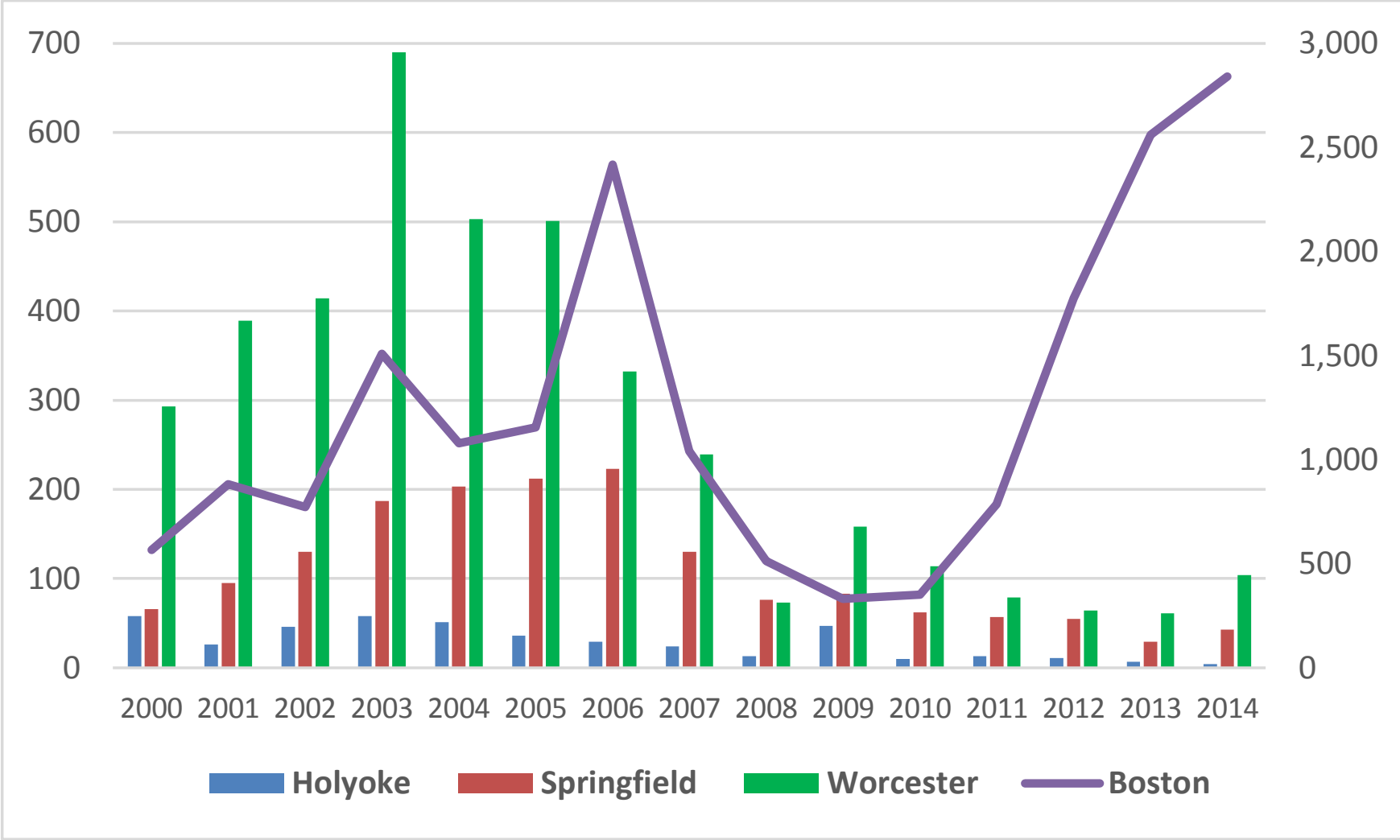


Building permits in Gateway Cities exceeded Boston every year from 2000 to 2011 (except 2006) – dramatically different story over last few years

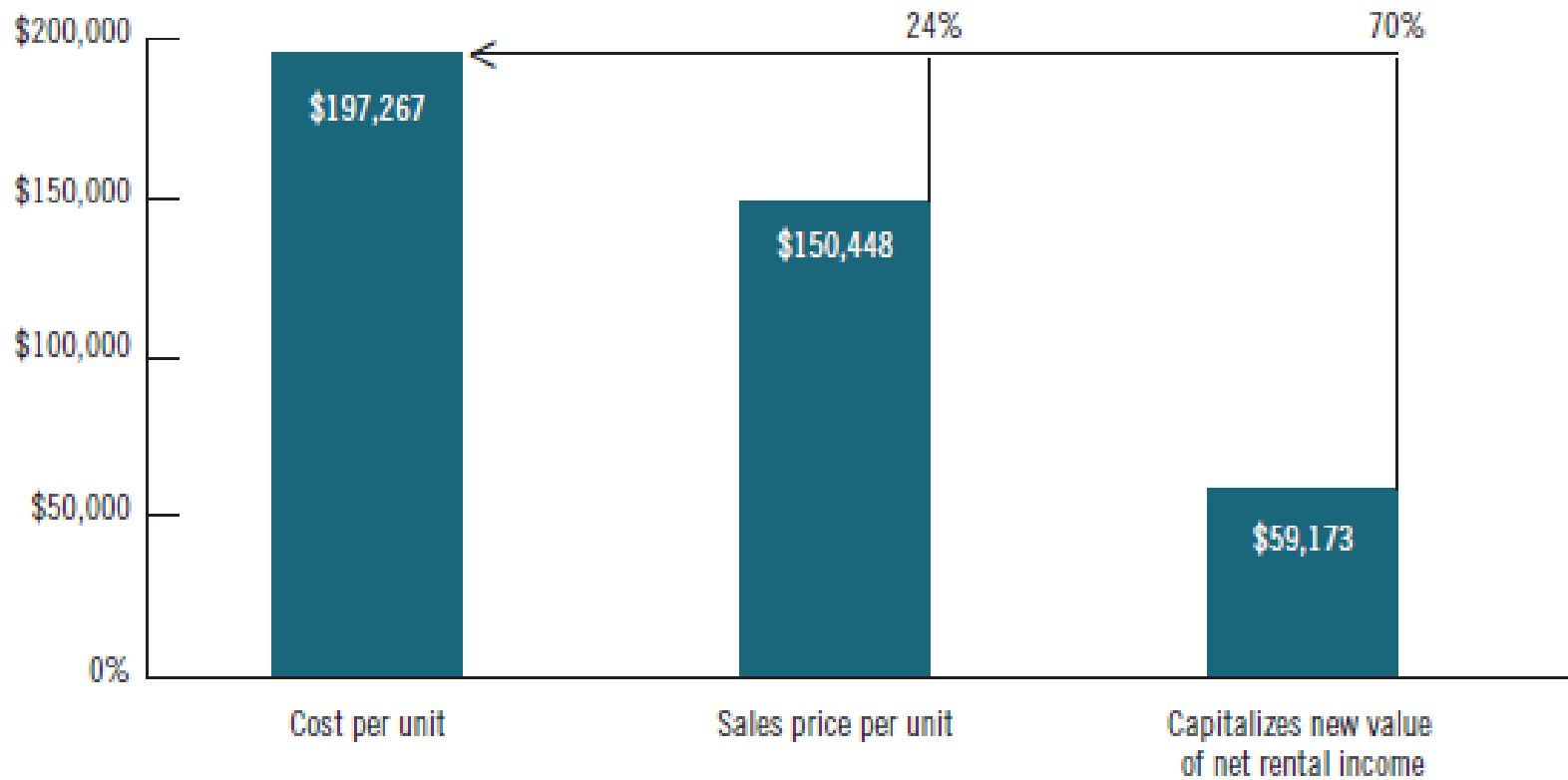




# Building permits in Holyoke and Springfield trail Worcester and Boston; are well-below pre-recession levels



# 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