



Northeastern University
Dukakis Center For Urban and Regional Policy

Westminster, Massachusetts: A Look at Economic Development

Barry Bluestone • 2016

Dukakis Center For Urban and Regional Policy
Northeastern University
School of Public Policy & Urban Affairs
www.northeastern.edu/dukakiscenter

A “Think and Do” Tank

**First, a look at the Massachusetts
economy:**

Growth in Real Output Massachusetts vs. U.S. 2009 - 2016 Q2

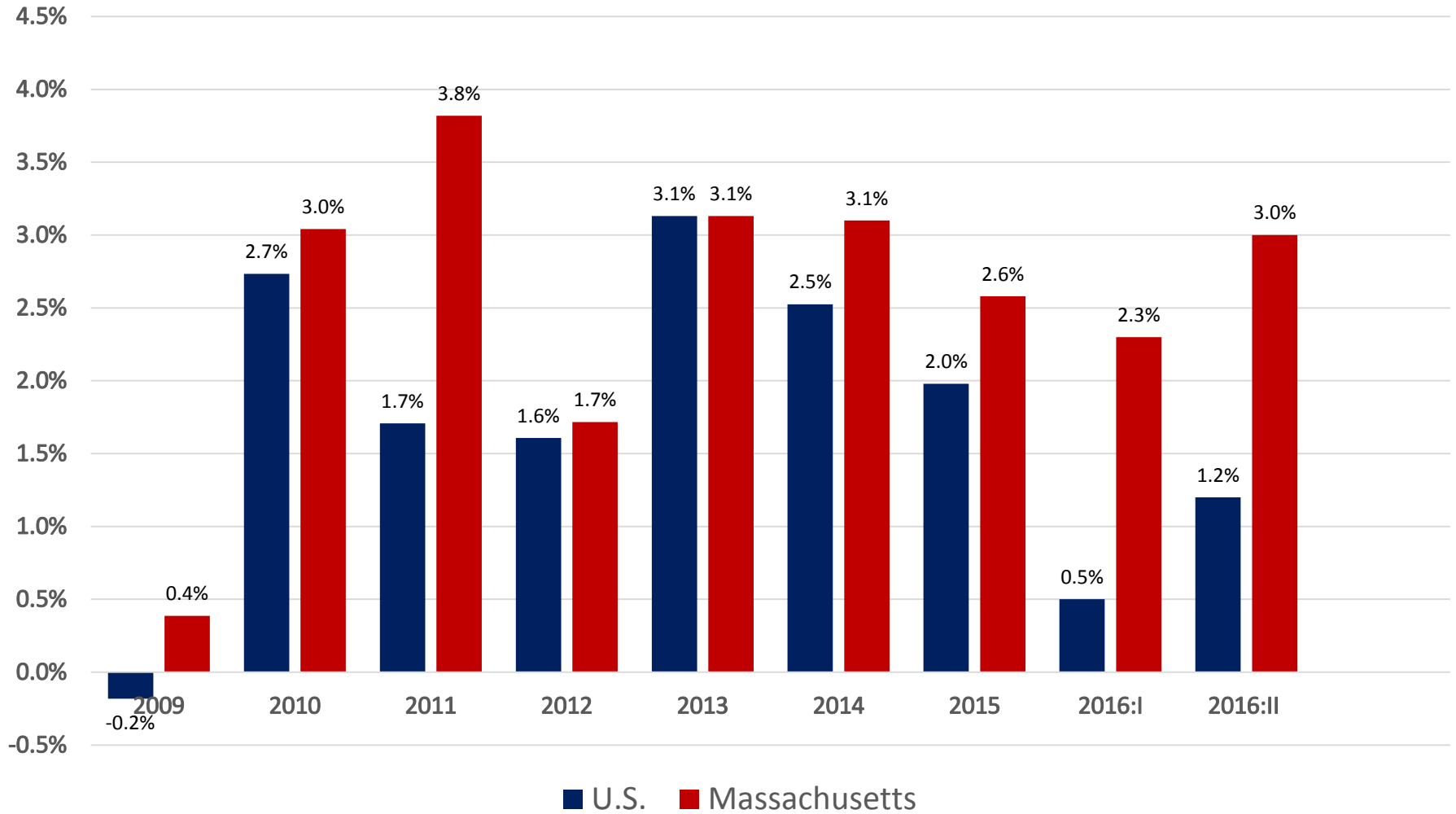
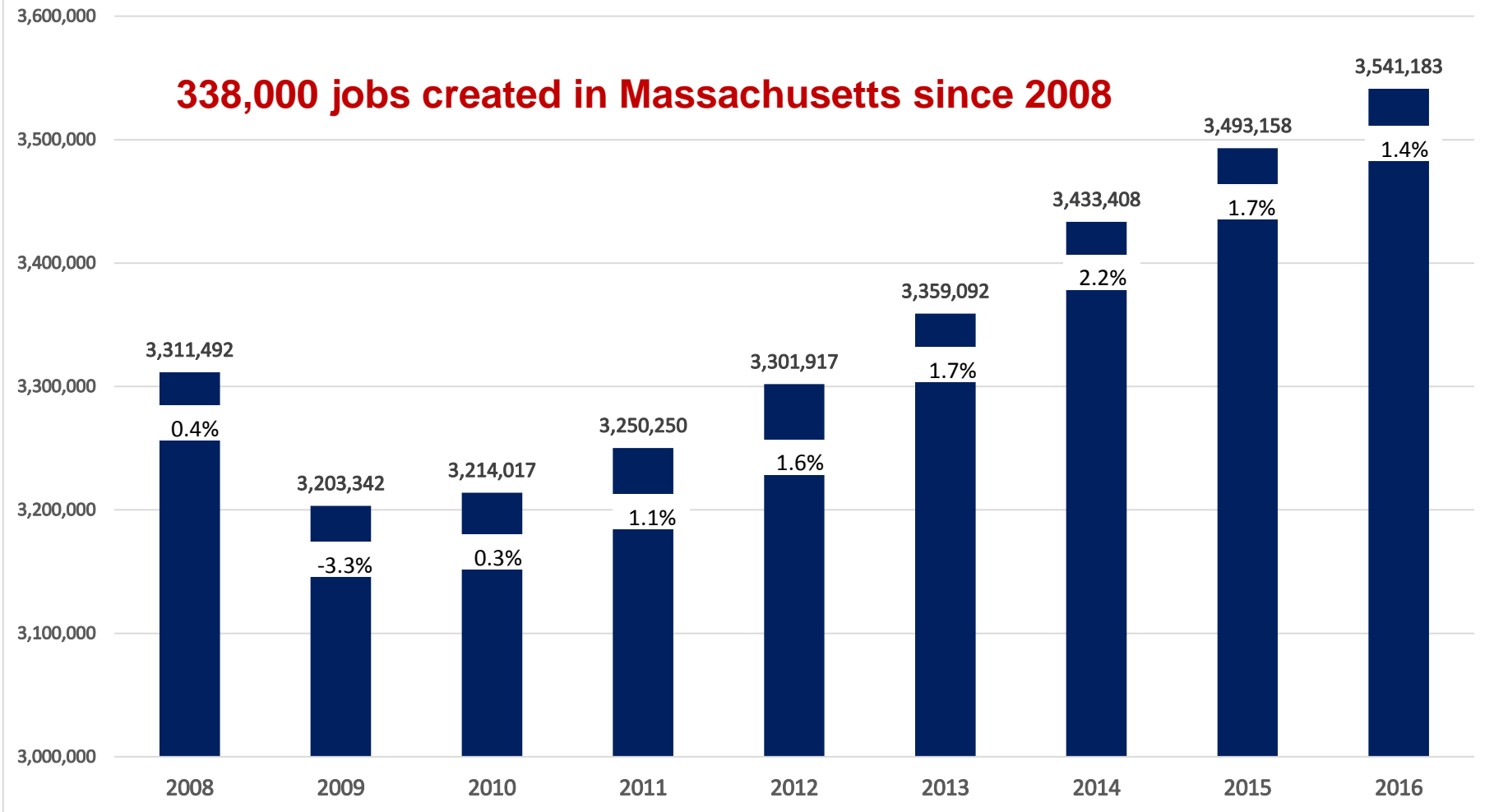
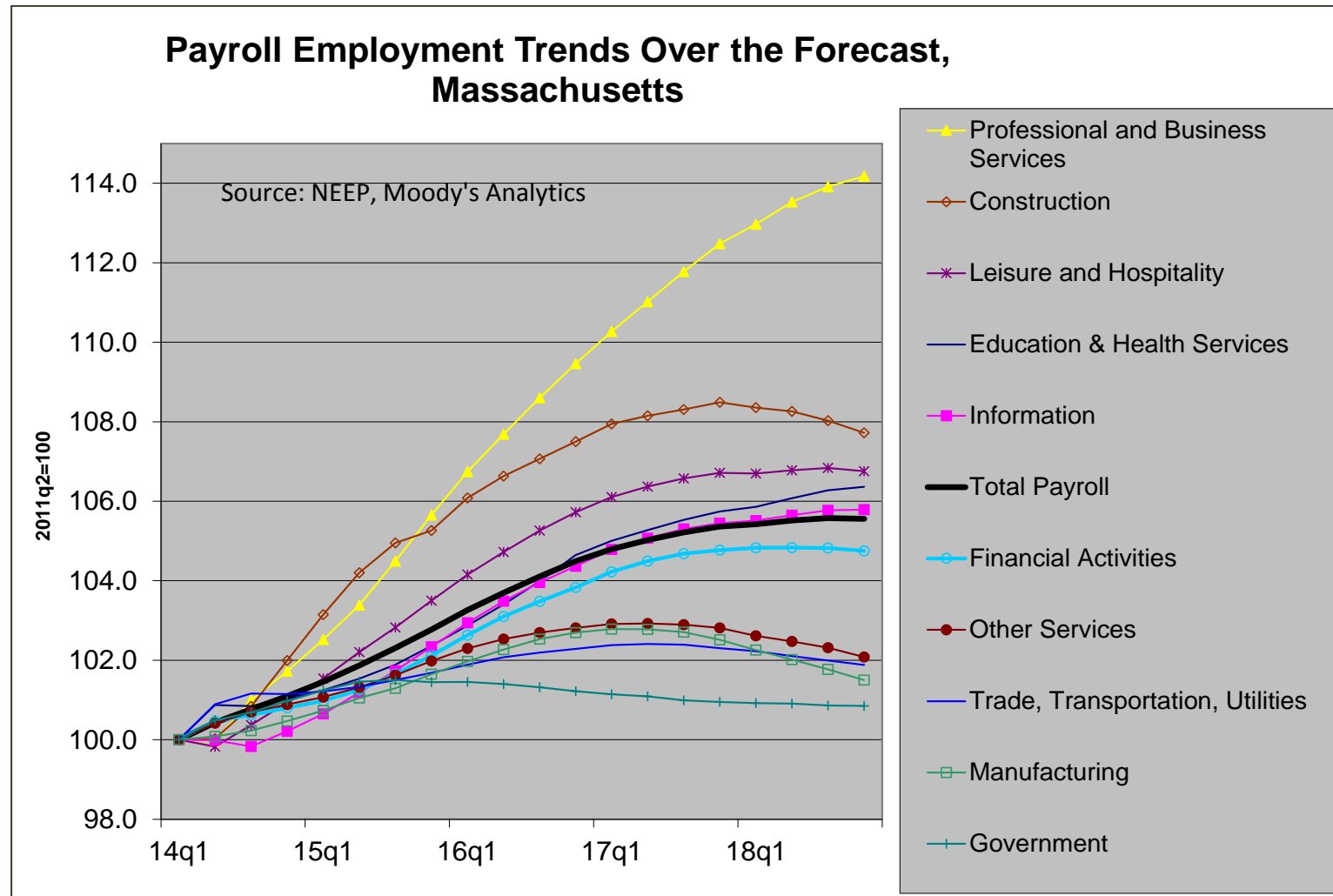


Figure 1.2 Total Non-Farm Employment
Seasonally-Adjusted
Massachusetts 2008-2016 (June)
(% = Annual Growth Rate)

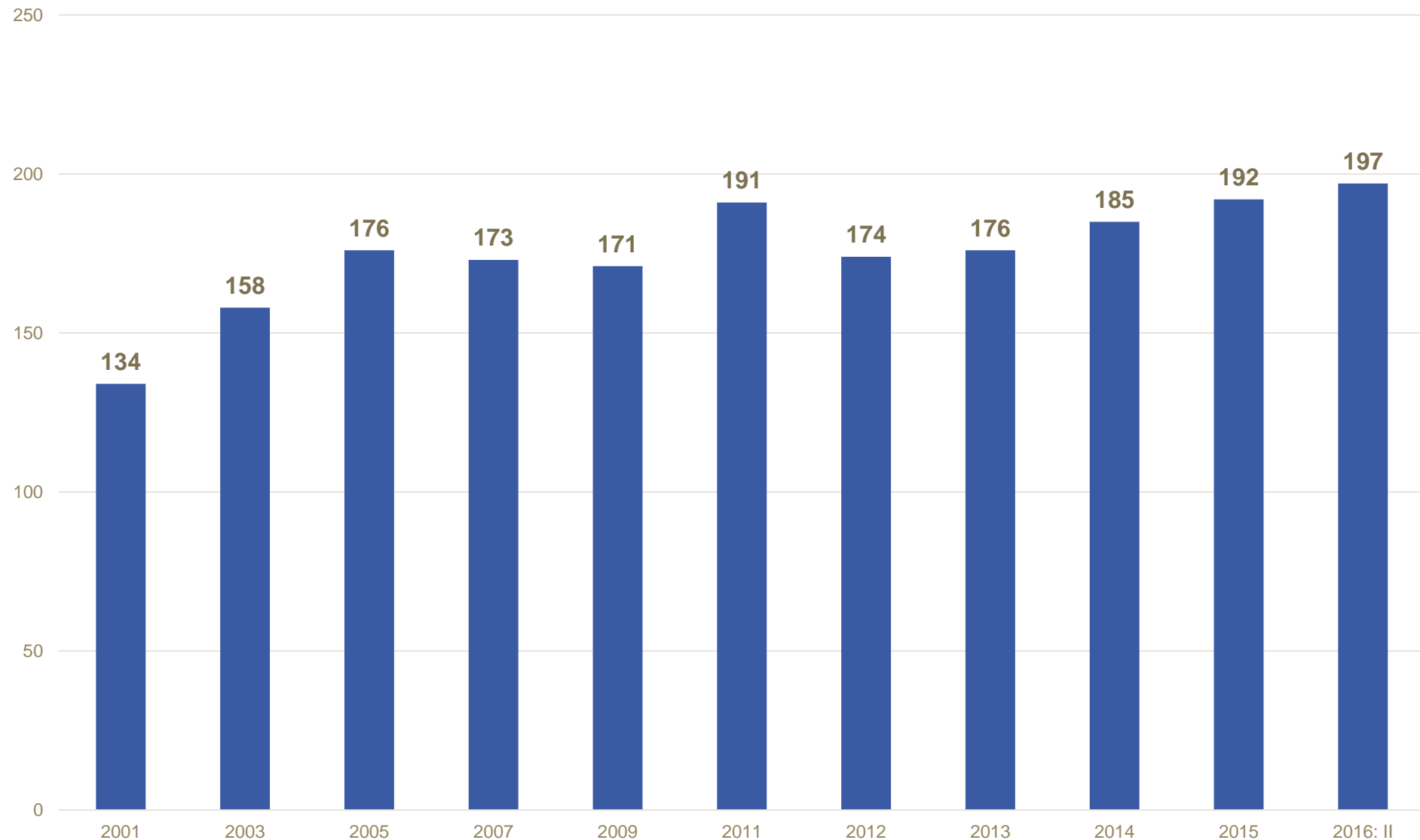


Projected Employment by Sector: 2014-2018

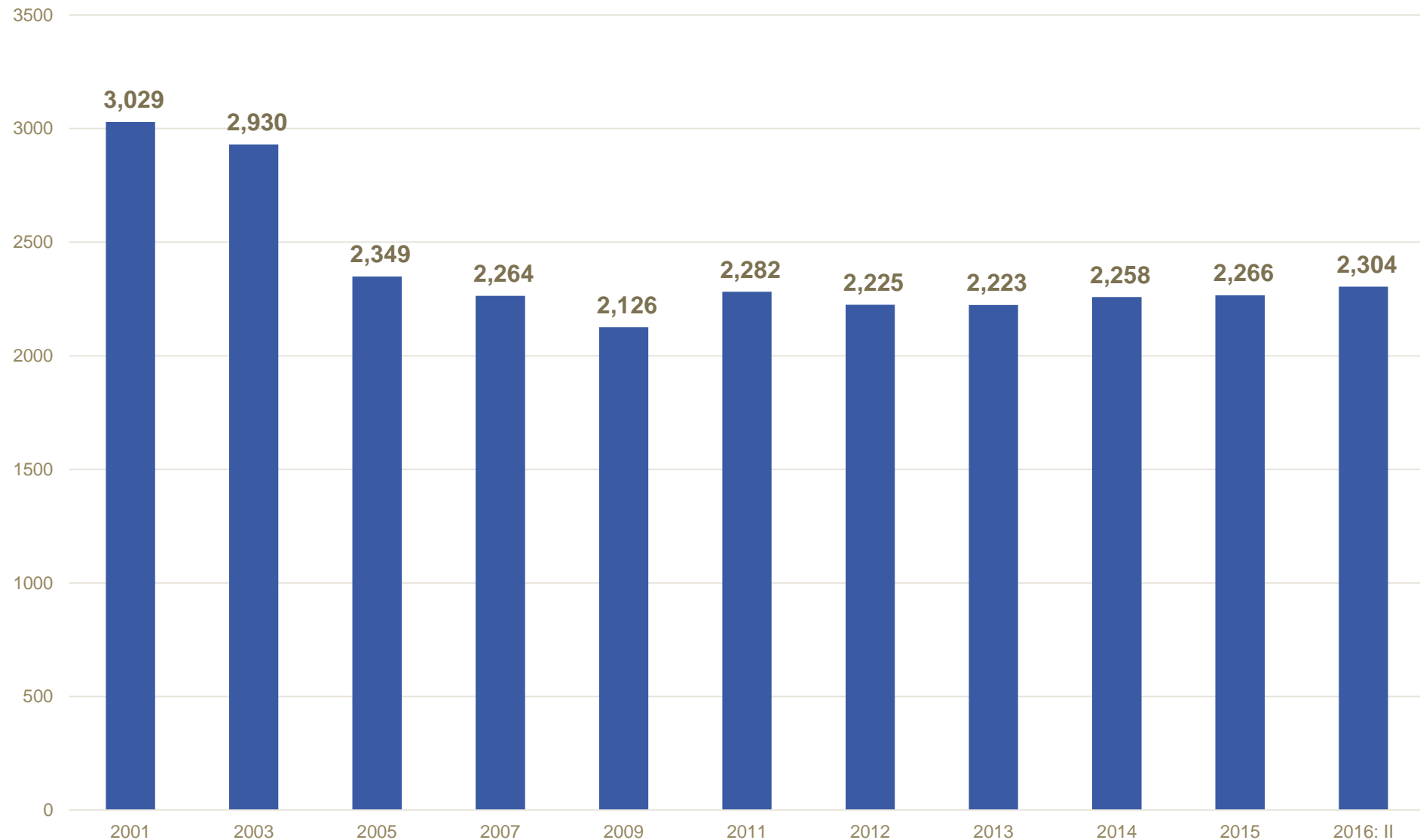


Town of Westminster: Employment

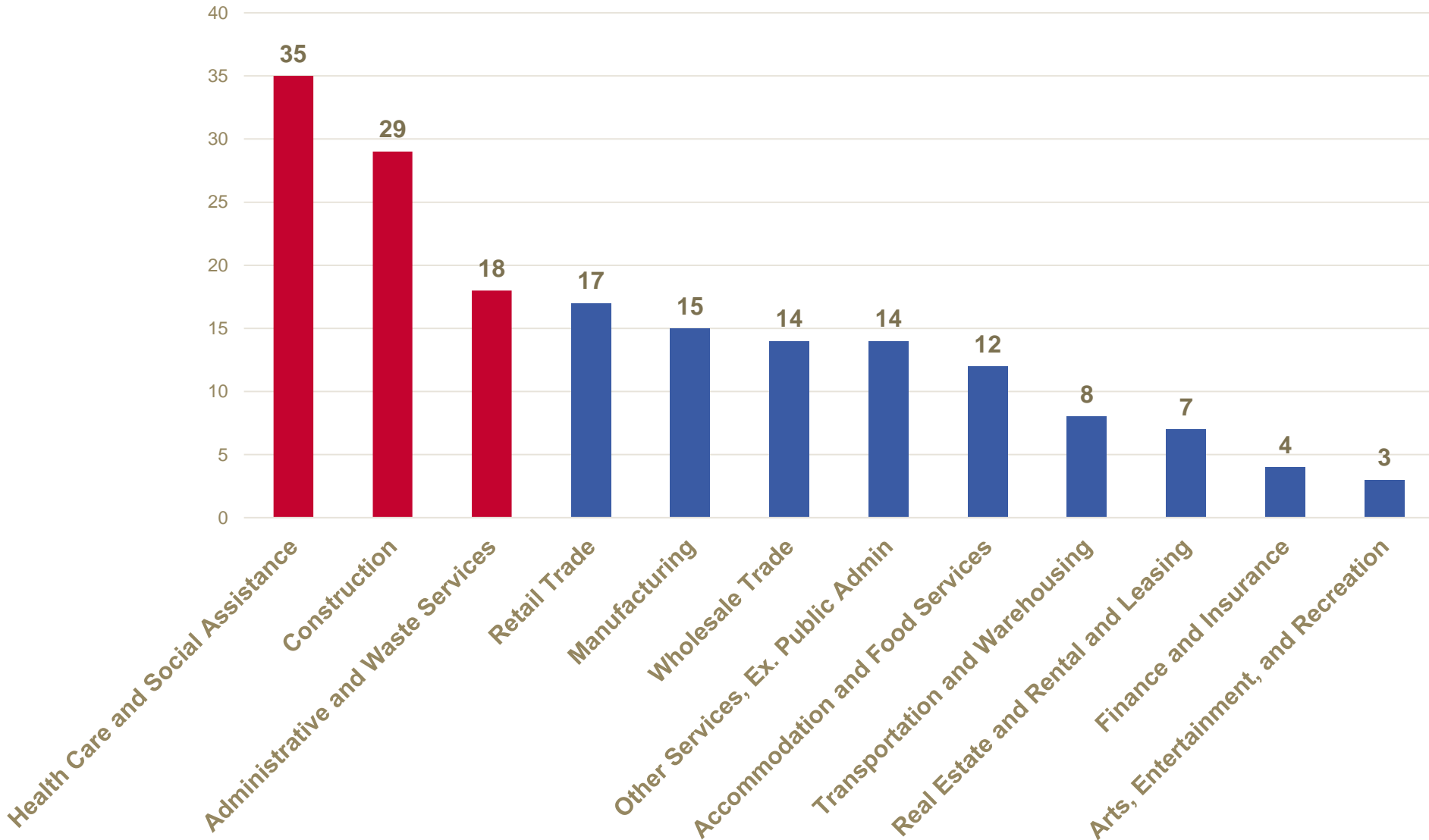
Town of Westminster Number of Private Industry Establishments 2001–2016 (2nd Q)



Town of Westminster Average Monthly Employment (Private Industry) 2001–2016 (2nd Q)

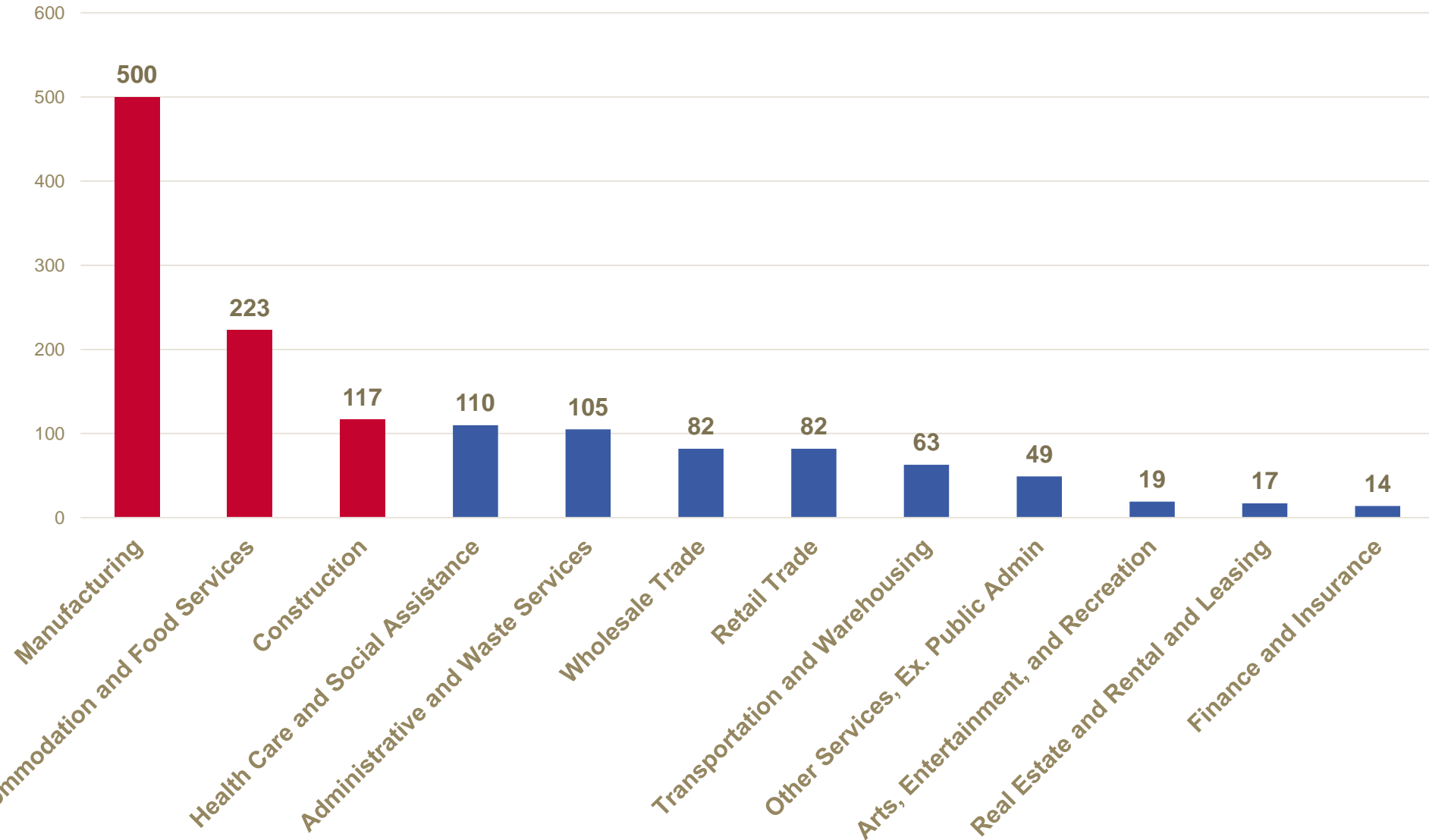


Town of Westminster Leading Industries by Number of Establishments 2016 (2nd Q)



Town of Westminster

Leading Industries by Average Monthly Employment 2016 (2nd Q)



Promoting Economic Development in Westminster: Practical Strategies to Attract and Retain Economic Investment through EDSAT

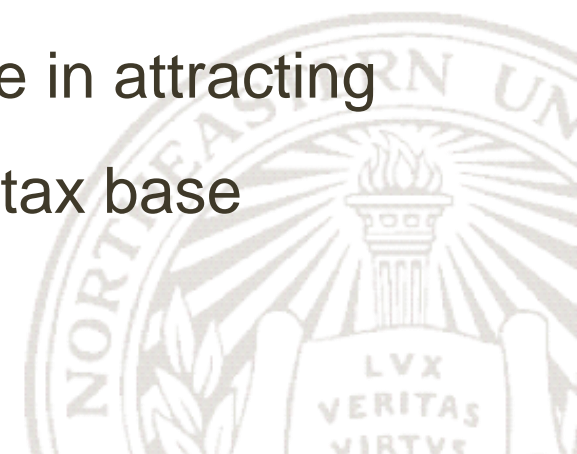


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Economic Development Overview

- Economic development is a **collaborative** process that builds strong, adaptive economies and requires leadership
- Companies move to **municipalities**, not states
- Municipal officials must play a critical role in attracting business investment, jobs, and a strong tax base



Local Communities on their Own...

- With rising federal deficits and a bipartisan drive to cut federal debt, and at the same time calling for tax cuts, there will be **little additional aid to communities** from the federal government.



States in Crisis

- With states facing **structural budget deficits**, local aid from state governments will be in short supply in many states



Local Economic Development

- In this new environment of fiscal constraint, local communities will prosper only if they are successful in finding new sources of revenue
- The best way to do this is to **attract business enterprise** to town



Be the CEO for Economic Development

- Municipal leaders must initiate and support the development process
- Begin by assessing your municipality's strengths and weaknesses
- Change what you have **control** over
- Collaborate with others on what you can **influence**



Fundamental Proposition

- *Cities and towns have the ability to create their own destinies, and they can benefit from having sophisticated partners who can help them develop tools and information to compete successfully*



Development of EDSAT

- Dukakis Center staff surveyed corporate real estate and development professionals on location decisions
- **NAIOP:** National & Massachusetts Chapter
- **CoreNet Global**
- Based on the NAIOP / CoreNet Survey, the Economic Development Self-Assessment Tool (EDSAT) for municipal leaders was created



NAIOP/CoreNET Sample

Project Type Selected	NAIOP	%	<u>CoreNet</u>	%
	General Industrial	40.0	Office / Headquarters	68.5
	Commercial / Professional	38.8	Manufacturing	10.4
	Mixed-Use	8.8	Retail	10.4
	R&D Facility	5.0	Mixed-Use	5.7
	Retail	5.0	R&D Facility	2.8
	Manufacturing	2.5	Distribution / Warehouse	1.9
Where Work is Done	NAIOP	%	<u>CoreNet</u>	%
	Pacific	18.9	International	38.3
	Middle Atlantic	18.9	<u>Pacific</u>	32.7
	South Atlantic	18.9	Middle Atlantic	28.0
	East North Central	8.8	West South Central	21.4
	International	7.6	East North Central	20.5
	East South Central	6.3	South Atlantic	19.6
	West North Central	6.3	New England	19.6
	New England	5.0	West North Central	15.8
	West South Central	5.0	East South Central	15.8
	Mountain	3.8	Mountain	11.2

Deal-Breakers Overview

DEAL-BREAKERS



CITY SELF-ASSESSMENT



CITY ACTION



DEAL-MAKERS



Deal-Breakers, continued

- Ignorance of changing market conditions: “Time to Market”
- Uncorrected “cognitive maps”
- Too little attention to site deficiencies
- Slow municipal processes
- Too much reliance on tax breaks



NAIOP / CoreNet Survey Categories

- Permitting Processes
- Labor
- Development and Operating Costs
- Business Environment
- Transportation and Access
- Quality of Life / Social Environment



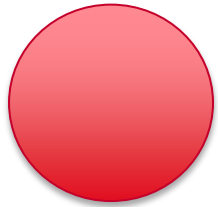
The Self-Assessment Tool (EDSAT)

The self-assessment tool consists of ten sections:

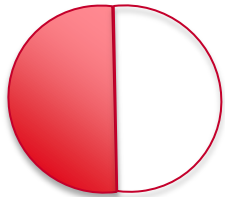
1. Access to Customers / Markets
2. Concentration of Businesses & Services (Agglomeration)
3. Cost of Land (Implicit / Explicit)
4. Labor
5. Municipal Process
6. Quality of Life (Community)
7. Quality of Life (Site Amenities)
8. Business Incentives
9. Tax Rates
10. Access to Information



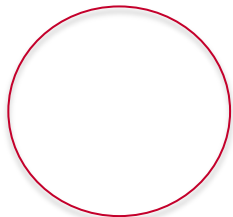
NAIOP/CoreNet Global Ranking of Critical Location Factors



Very Important Factor



Important Factor



Less Important Factor



Key EDSAT Results for Westminster

How does Westminster fare on the EDSAT questions relative to Comparison Group Municipalities (CGM)?

Westminster's Strengths and “Deal-Makers”

Strengths Among *Very Important* Location Factors:

WEBSITE: With its information updated weekly or even daily, Westminster's website provides a wealth of information and resources useful to businesses considering locating in the town. In addition, the site features a list of existing businesses.

TRAFFIC: While your town's traffic-related management is similar to that of the the comparison group average, rush-hour traffic flow is faster and less congested. In addition, Westminster does not require firms or developers to provide traffic mitigation beyond the streets adjacent to the site, making development less costly.

PARKING: Also like the CGM, your town has ample on-site parking near available development sites and free parking in the central business district.

Westminster's Strengths Among *Very Important* Location Factors: (cont'd)

HIGHWAY ACCESS: Like the CGM, Westminster has excellent highway access. Nearly all of its retail, manufacturing, and offices space is within two miles of Route 2.

WORKFORCE COMPOSITION: Westminster's workforce composition boasts an above average percentage of managerial skilled workers as well as a below average percentage of semi-skilled workers. Westminster could benefit further by investing in workers with more technical skills as your town is a little below average in that field compared to the comparison group.



Westminster's Strengths Among *Important* Location Factors

PHYSICAL ATTRACTIVENESS: Westminster's diligent maintenance of public spaces helps strengthen the community's physical attractiveness as is its proximity to Wachusett Mountain. Westminster also enjoys very low rates of dilapidation in both its housing and commercial space as well as lower vacancy rates in industrial areas compared to the comparison group. Though the town does not have a fully involved arts community, future design phases will incorporate the arts community in more depth.

COMPLEMENTARY/SUPPLEMENTAL BUSINESS SERVICES: Although your town has no law firms that specialize in bringing innovation to market—not unusual for a town of your size and location—two regional Chambers of Commerce are actively involved in Westminster's economic development activities, as is the Montachusett Regional Planning Commission.

CROSS-MARKETING: Similar to comparison group towns, you work with local and regional business organizations to market Westminster. Unlike your peers, however, you enlist the services of firms already in your town to help attract firms which can help lead to faster and stronger growth.

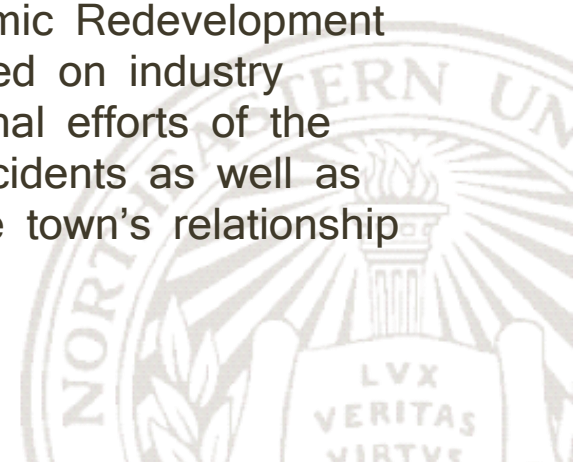
MARKETING FOLLOW-UP: Although Westminster could be more proactive in monitoring firm satisfaction, even informally, it is a strength that the town intervenes when news of dissatisfaction arises.

Westminster's Strengths Among *Important* Location Factors (cont'd)

QUALITY OF AVAILABLE SPACE: The majority of available development sites are currently unused open land, compared to just 21-35% in the comparison municipalities. Westminster has little brownfield space as well as moderate experience redeveloping brownfield sites. In addition, Westminster has lower rates of vacant or underutilized shopping centers.

LAND: Your municipality has a large amount of vacant developable land zoned for commercial or industrial use, well above that of the comparison group. In addition, the majority of Westminster's land is available in lots of five acres or more, compared to only 11-20% in the comparison group.

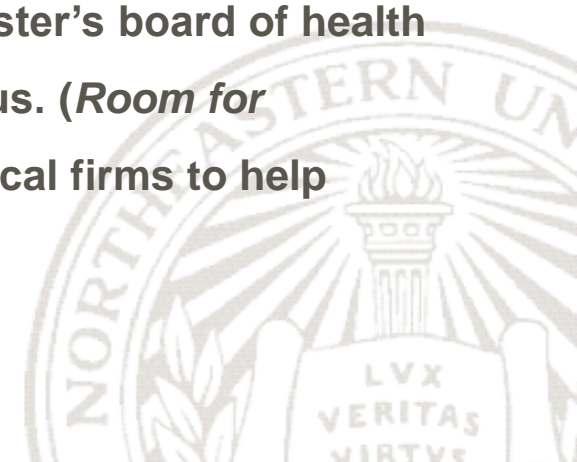
INDUSTRY SENSITIVITY: Through the efforts of the Economic Redevelopment Board, Westminster has effective marketing programs based on industry needs as well as existing favorable conditions. The personal efforts of the board to address any and all negative stories, data, or incidents as well as engaging local business representatives will further aid the town's relationship with businesses.



Westminster's Strengths Among *Important* Location Factors (cont'd)

CRITICAL MASS FIRMS: Westminster stands out with an up-to-date development strategy and economic development plans within the community master plan and overall. A vigorous industrial attraction policy targets specific sectors such as retail, alternative energy, health care, traditional and advanced manufacturing, and life sciences including biotech.

CROSS-MARKETING: Town officials work with local and regional business organizations to market Westminster and are making active efforts to get on MassEcon's list of top 100 business growth sites. Westminster's board of health is pursuing MassBio's Platinum BioReady Community status. (*Room for improvement:* the town does not currently enlist existing local firms to help attract new firms.)



Westminster's Strengths Among *Important* Location Factors (cont.)

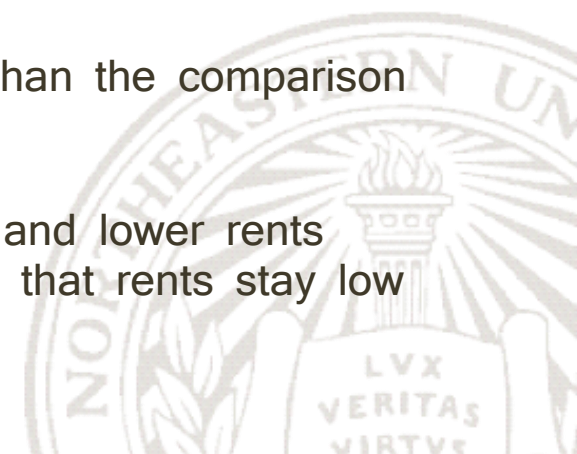
SITES AVAILABLE: Westminster is ahead of the comparison group in offering a complete, readily accessible, and up-to-date list of sites available for development. In addition, the town owns sites that it is marketing for development.

PREDICTABLE PERMITS: In contrast with the comparison group, your town provides a development handbook and allows for presentations of development proposals to all review boards and authorities.

CITIZEN PARTICIPATION IN THE REVIEW PROCESS: Development proposals rarely face opposition from abutters or neighborhood groups.

CRIME: Westminster has a substantially lower crime rate than the comparison group municipalities.

HOUSING: Westminster has a higher homeownership rate and lower rents than the CGM. The higher rental vacancy rate will ensure that rents stay low for the foreseeable future.

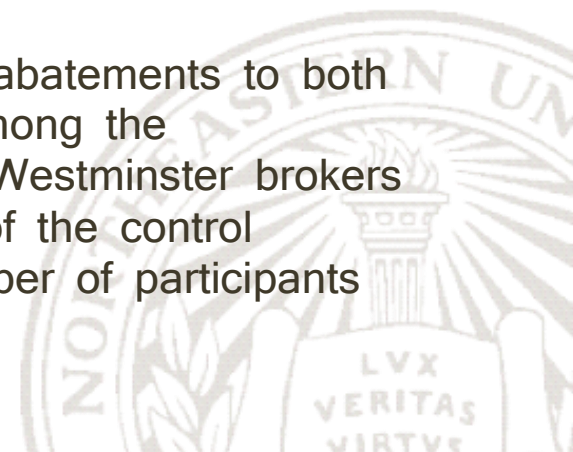


Westminster's Strengths Among *Important* Location Factors (cont.)

LOCAL SCHOOLS: The percentage of students who tested proficient in English and Mathematics is 81% or greater, higher than the CGM. The percentage of high school freshmen graduating within five years is 95% or more compared to the CGM percentage of 81-94%, and three-quarters or more of Westminster students go on to four-year colleges, compared to 50-74% in the comparison group.

STATE TAX INCENTIVES: Westminster is able to take advantage of more state incentives that benefit its businesses than the comparison group. These include investment tax credits, R&D tax credits, low interest loans and loan guarantees, and workforce training grants.

LOCAL TAX INCENTIVES: Westminster offers property tax abatements to both existing and new businesses, which is not as common among the comparison group. The fact that the Executive branch of Westminster brokers tax abatement deals is more favorable than the majority of the control group's use of the Legislative branch. This limits the number of participants which allows for a much faster approval process.

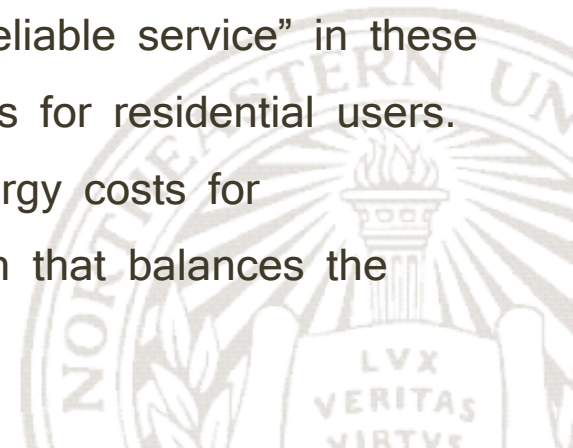


Weaknesses and “Deal-Breakers”:

Westminster's Weaknesses Among *Very Important* Location Factors:

TIMELINESS OF APPROVALS: Though Westminster has shorter average wait times for special permits for both new and existing projects, the town has higher wait times for building permits on both new and existing projects.

INFRASTRUCTURE: Westminster’s natural gas capacity and fiber optic cable and DSL access are currently unsuited for potential growth, while comparison group municipalities indicate “sufficient capacity for growth and reliable service” in these areas. Furthermore, Westminster offers higher energy costs for residential users. On the positive side, Westminster offers relatively low energy costs for commercial and industrial users—an important consideration that balances the aforementioned deficiencies.



Westminster's Weaknesses Among *Important* Location Factors:

FAST TRACK PERMITS: Like the comparison group, Westminster does not offer expedited permitting programs—a weakness for all.

SITE AMENITIES: Though it does have some access to fine dining within one mile of existing development sites, Westminster is missing access to fast food, day care, and retail shops.

PUBLIC TRANSIT: The town has little to no access to public transportation. The closest commuter rail stop in the Wachusett station in Fitchburg, two or so miles from the Westminster's central business district, which is accessible only by car. Though the MART bus does go through town, it does not reach many available development sites, and it does not offer night or weekend service. The senior shuttle supplements this deficiency to some degree, but it is not available to all residents.

LABOR COSTS: Despite being on par with the comparison group in many aspects of labor costs, Westminster has higher average wages for semi-skilled/blue collar workers. Though this is a strength for the workers, it can cause a business to avoid developing in a town when cheaper labor can be found elsewhere.

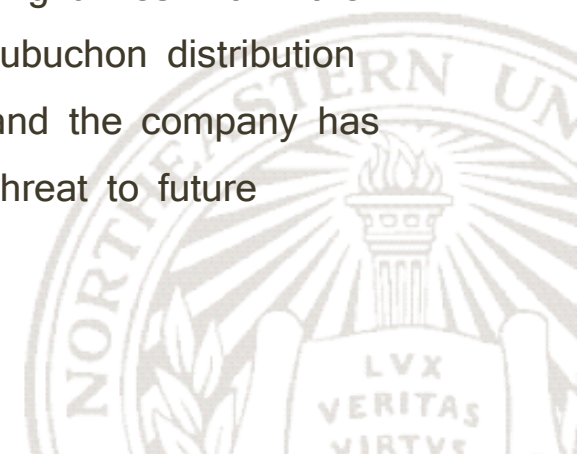
Westminster's Weaknesses Among *Less Important* Location Factors:

AIRPORTS: The town is within 20-25 miles from Worcester Regional Airport, but the closest major international airport is Logan in Boston, about 65 miles away. These airports are not easily accessible from Westminster by public transportation.

RAIL: Despite having access to freight rail, Westminster does not have its own passenger rail service.

PROXIMITY TO UNIVERSITIES AND RESEARCH: Westminster does not have close proximity to major higher education or research institutions. The other colleges nearest to the town are a Mount Wachusett Community College satellite campus at Gardner, about 6 miles away, and Fitchburg State University, about 10 miles away.

UNIONS: Though Westminster hasn't had any major union organizing drives within the last three years, it did recently experience a union strike at the Aubuchon distribution center that lasted three months. This dispute between the union and the company has been resolved but interested developers could see it as a major threat to future business.



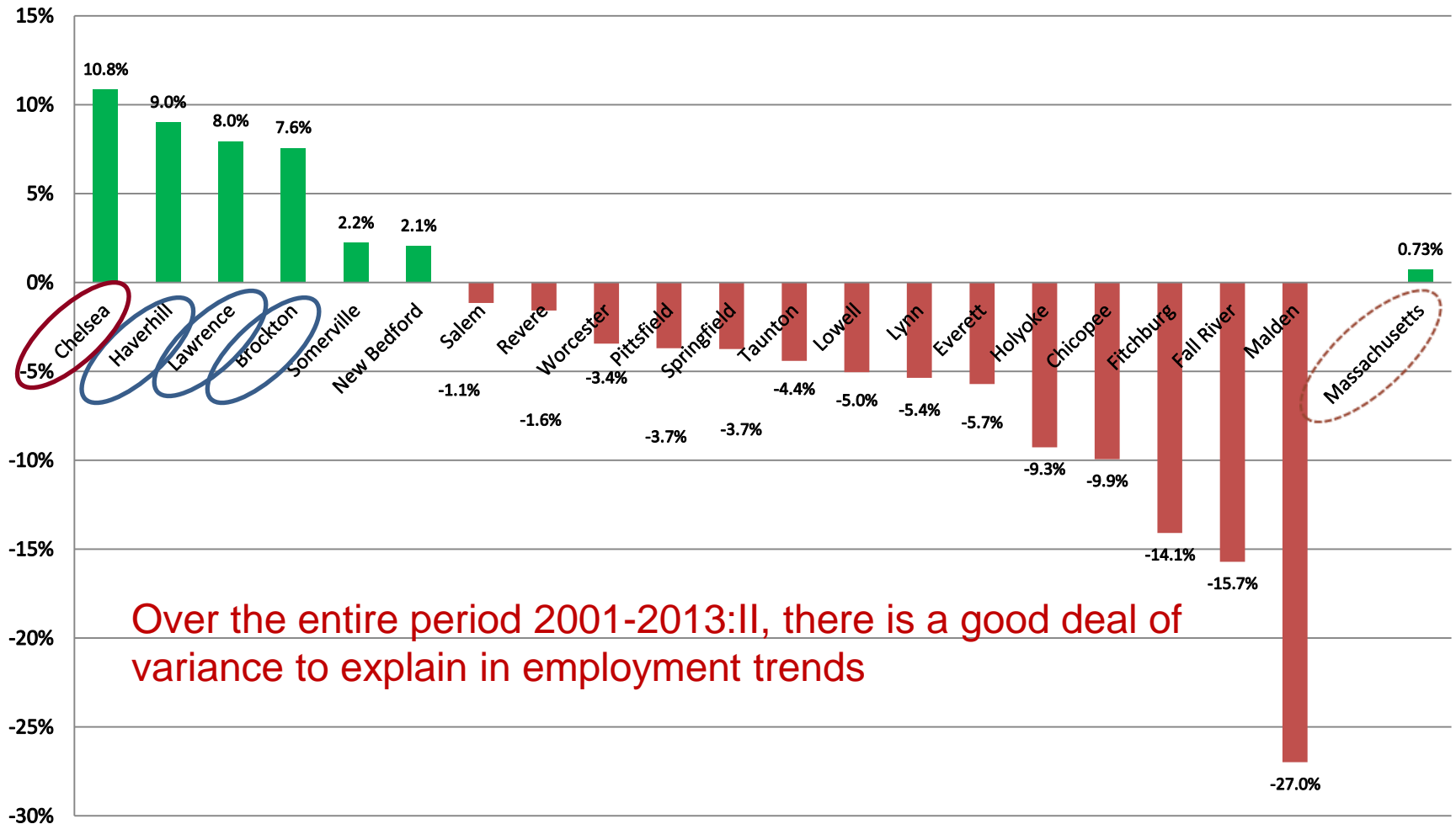
But What Really Matters?

Massachusetts Working Cities



Employment Trends, 2001 - 2013

Working Cities
Percentage Change in Employment
All Private Sector Industries
2001-2013:II



EDSAT Correlation Analysis

What factors are most highly correlated with employment growth?

EDSAT Measures – 26 in All

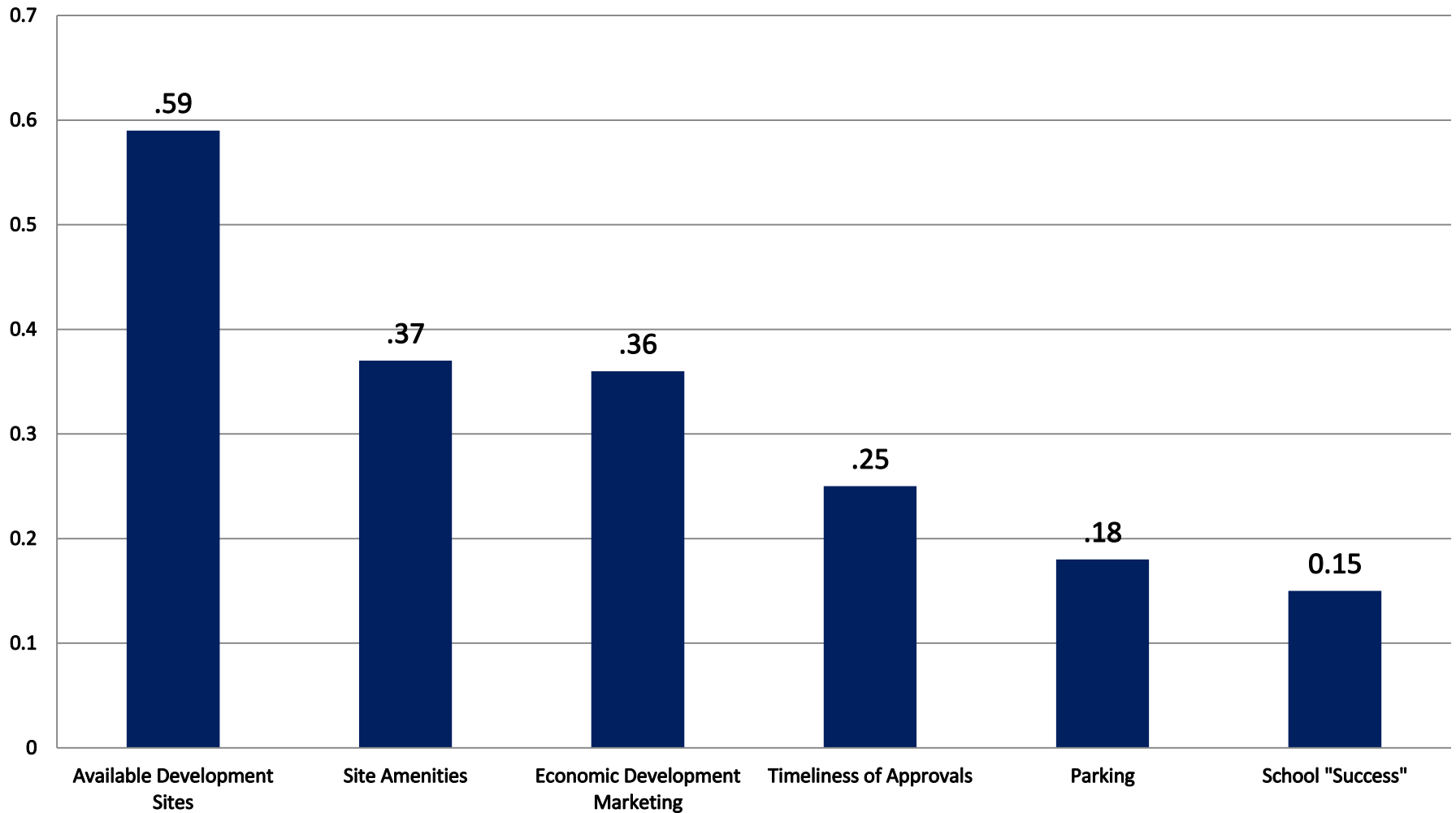
Highway Access
Parking Availability
Traffic Congestion
Infrastructure Limitations
Commercial/Industrial Rents
Labor Force Skills
Timeliness of Approvals
Public Transit Availability
Physical Attractiveness of Municipality
Complementary Business Services
Critical Mass of Firms – Local Supply Chain Firms
Cross Marketing by Municipality and Business Community
Marketing Follow-up with Locating/Relocating Firms
Quality of Available Development Parcels

Labor Cost
Formal Economic Development Strategy
Available Development Sites
Predictable Permitting
Fast Track Permitting
Citizen Participation in Development Process
Cultural and Recreational Amenities
Crime Rates
Housing Cost
School Success Measures
Amenities near Available Development Sites
Local Tax Rate Environment

What Factors are Correlated with Greater Employment Growth?

Correlations between employment growth and EDSAT variables, 2001-2013:II

Working Cities
Factors Most Highly Correlated with Percentage Change in Employment All Private Sector
Industries
2001-2013:II



Control Variables

Corr. % Chg Emp. **2001-2013**/Proximity to Boston

+.16 Slight positive correlation

Corr. % Chg Emp. **2001-2013**/Higher Poverty Rate

+.17 Slight positive correlation

Corr. % Chg Emp. **2001-2013**/Larger Manufacturing Base

+0.13 Weak positive correlation

Key Factors **NOT** Highly Correlated with Employment Growth ... or Inversely Correlated

Complementary Business Services (+.07)

Low Crime Rate (+.07)

Public Transit (+.04)

Highway Access (-.03)

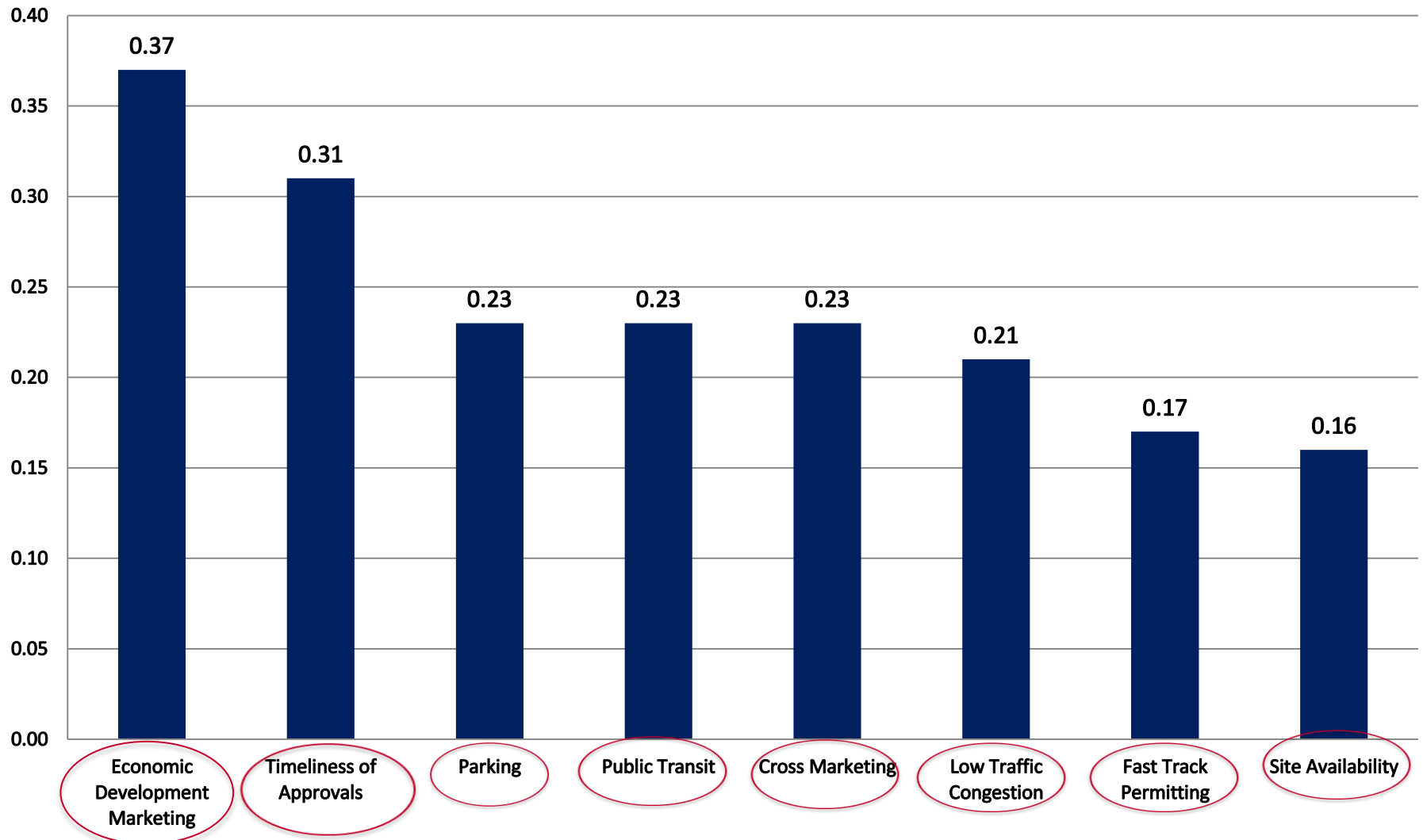
Commercial/Industrial Rents (-.08)

Cultural & Recreational Amenities (-.12)

Low Local Tax Rates (-.27)

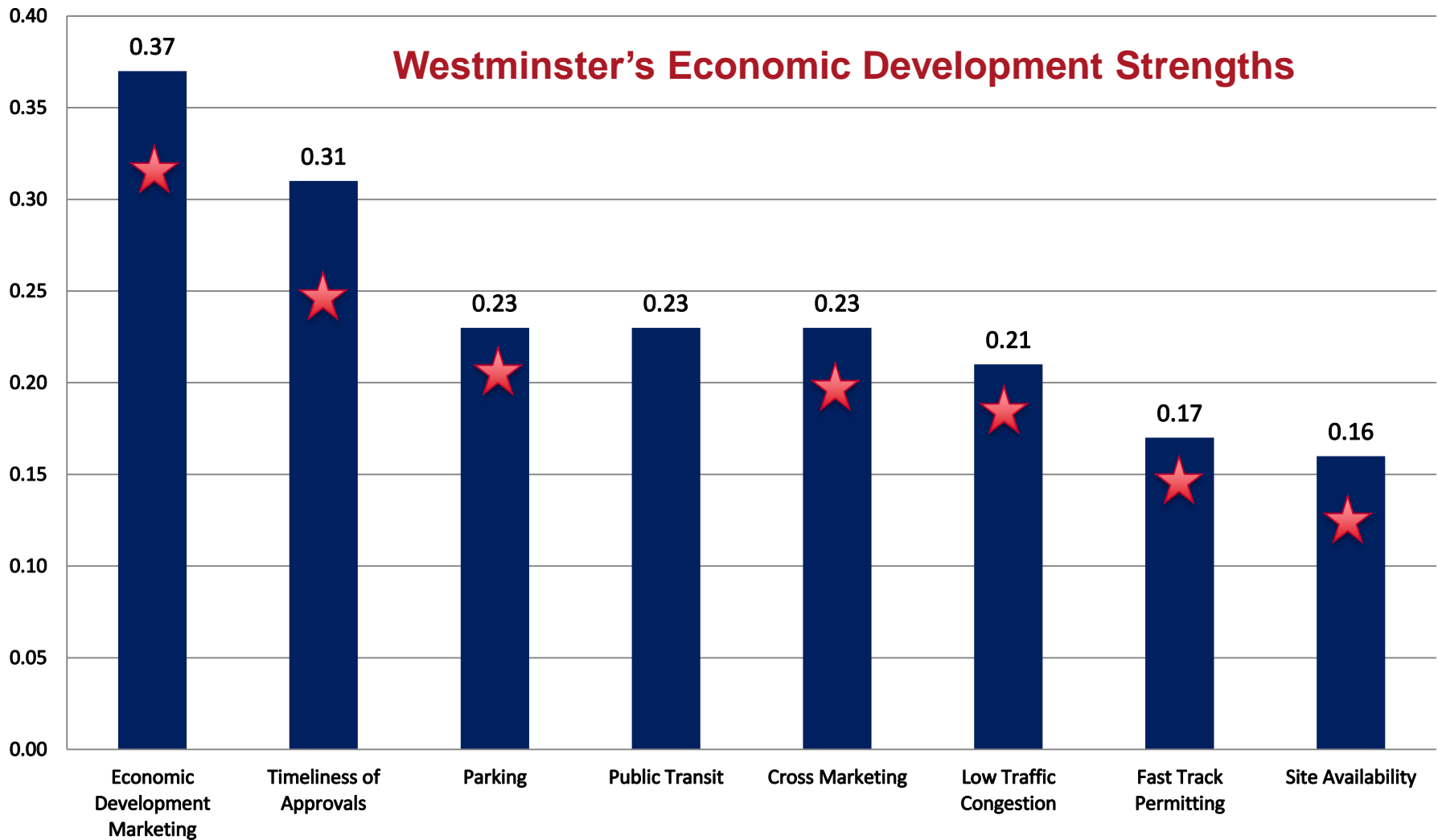
Physical Attractiveness of City (-.35)

50 Massachusetts Municipalities - Factors Most Highly Correlated with Increase in **Establishments** 2001-2011

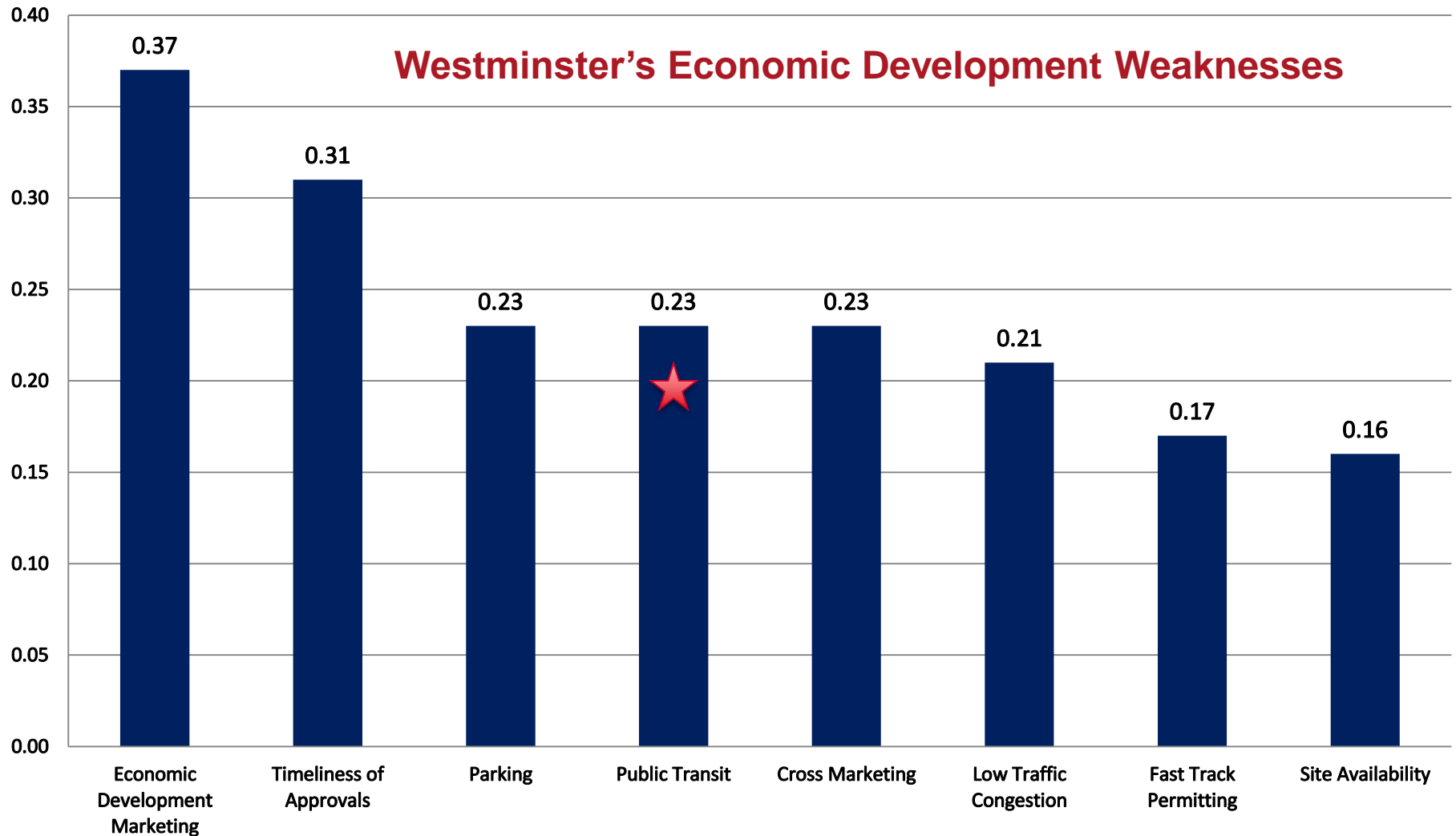


50 Massachusetts Municipalities - Factors Most Highly Correlated with Increase in Establishments 2001-2011

Westminster's Economic Development Strengths



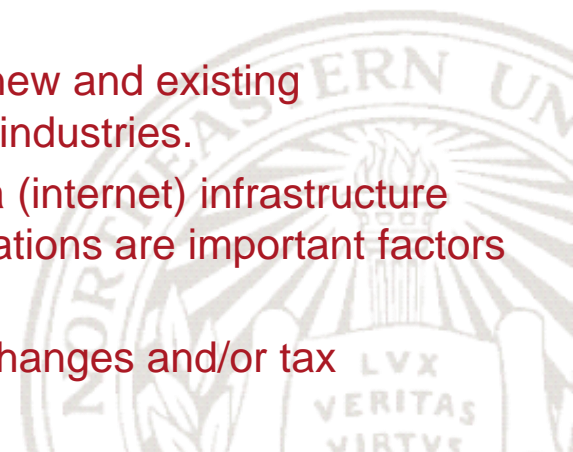
50 Massachusetts Municipalities - Factors Most Highly Correlated with
Increase in **Establishments**
2001-2011



Conclusions

Things to Think About

- **Westminster has many good things going for it:**
 - An abundance of available vacant land
 - Timely handling of permitting approvals
 - A well-balanced and educated workforce
 - Strong citizen participation in the review process
 - Useful and regularly maintained website
- **But you could be better positioned to attract business investment and jobs by:**
 - Creating a one-stop portal, prominently displayed on the town website homepage, for accessing content of interest to businesses and developers.
 - Developing strategies for bringing down central business district commercial rents to more competitive levels.
 - Finding ways of expediting approvals of building permits for new and existing businesses, and implement fast-track permitting for targeted industries.
 - Conducting a feasibility study to explore natural gas and data (internet) infrastructure options, and keep a close eye on whether infrastructure limitations are important factors when firms decide not to locate in Westminster.
 - Encouraging development of site amenities through zoning changes and/or tax incentives.





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Thank you!

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