On behalf of Gov. Charlie Baker and Lt. Gov. Karyn Polito, it is with much excitement that I present our working draft of the Commonwealth’s next economic development plan.

Massachusetts law requires each new administration to publish a comprehensive economic development plan, and an implementation strategy, within the administration’s first year.

The Baker-Polito administration has met this mandate with a spirit of inclusiveness and robust public engagement.

This plan is the result of thousands of conversations with Massachusetts residents, business and community stakeholders, municipal officials, legislators and legislative staff. The plan seeks to enable economic prosperity for all the Commonwealth’s citizens, economic vitality for the Commonwealth’s communities and regions, and economic growth for its businesses.

At the same time, it remains an evolving document, and we welcome public comment on this draft plan. Any resident with feedback to offer should email Adrian.Servetnick@massmail.state.ma.us by Thursday, December 3.

Thank you for taking the time to review this working draft, and thank you for your commitment to the Commonwealth’s future.

Jay Ash
Secretary, Executive Office of Housing and Economic Development
November 12, 2015
Opportunities for All

The Baker-Polito Strategy and Plan for Making Massachusetts Great Everywhere
“There’s no single initiative that can start and sustain a job creating economy. But there is clear evidence that we’re too complex, too expensive, and too slow to move and make decisions. On this we must do better.”

Governor Charlie Baker
Inaugural Address
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Draft for policy development purposes
I. Legislative Mandate and Methodology for Fulfilling Mandate
The Executive Office of Housing and Economic Development (EOHED or HED) is responsible for carrying out the mandate which can be found in its entirety at:

https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter6A/Section16G

In summary, the legislation includes:

The Secretary of housing and economic development, with the assistance of an economic development planning council appointed under this section, shall develop and implement

- a written comprehensive economic development policy for the Commonwealth and

- a strategic plan for implementing the policy.

The Joint Committee on Economic Development and Emerging Technologies shall conduct a public hearing on the policy and plan prior to final approval by the Governor.

The approved policy and plan shall be published in writing and on the official website of the Commonwealth not later than December 31st of that year.

METHODOLOGY: HED undertook a robust approach to fulfilling the legislative mandate for generating an economic development plan for the Commonwealth.

Research and stakeholder engagement informed the development of the policies, strategic goals, and implementation focus areas contained in this plan. This, in turn, will drive HED’s legislative agenda, programs and staffing, budget priorities, and ongoing championing of the plan.

HED will apply a culture of continuous evaluation and continuous improvement to this policy framework, and to its implementation.

Draft for policy development purposes
## METHODOLOGY: Research and stakeholder engagement included internal research, legislative and municipal meetings, and statewide public engagement.

<table>
<thead>
<tr>
<th>Internal Research</th>
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<tbody>
<tr>
<td>• Internal policy discussions began in the December transition period. A policy review included the Baker-Polito platform, transition documents, current programs and funding streams, along with a review of national best practices from the National Governors Association and the National Conference of State Legislatures.</td>
</tr>
<tr>
<td>• The Secretary and staff have engaged academic experts, including Barry Bluestone, Michael Goodman, Alicia Sasser Modestino, Michael Porter, Elisabeth Reynolds, Scott Stern, and the Rappaport Institute for Greater Boston.</td>
</tr>
<tr>
<td>• The Secretary and staff have engaged key industry groups, including Associated Industries of Mass., the Congress for a New Urbanism, Jobs for Mass., MassBio, the Mass. Business Roundtable, the Mass. Competitive Partnership, the Mass. High Tech Council, the Mass. Smart Growth Alliance, the Mass. Technology Leadership Council, the Mass. Taxpayers Foundation, NAIOP Mass., the Retailers Association of Mass., the Urban Land Institute, and numerous regional chambers of commerce.</td>
</tr>
<tr>
<td>• Six teams, led by HED senior staff, conducted deep dives on the secretariat’s economic development policy areas, rounding up opportunities, policy goals, resources, key partners, key questions, and success metrics.</td>
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<table>
<thead>
<tr>
<th>Legislative &amp; Municipal Engagement</th>
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<tbody>
<tr>
<td>• HED has met with 67 lawmakers individually since January.</td>
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<tr>
<td>• The Secretary of HED has visited 91 cities and towns since January, including 24 of 26 Gateway Cities.</td>
</tr>
<tr>
<td>• HED altogether has visited 110 unique communities, with a collective population of 4.4 million residents (65 percent of the state’s population), from Great Barrington and Williamstown, to Chatham and Salisbury.</td>
</tr>
<tr>
<td>• Focus of discussions is on local opportunities, priorities and concerns, HED perspectives on local opportunities, and resources to help advance the local agenda.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Engagement</th>
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<tbody>
<tr>
<td>• Six statewide public listening sessions were held in June.</td>
</tr>
<tr>
<td>• Eight additional sessions were added in September, due to popular demand for participation.</td>
</tr>
<tr>
<td>• Sessions provided HED staff with direct engagement with over 1,000 stakeholders – residents, elected and municipal officials, business owners, regional agencies, and trade groups.</td>
</tr>
<tr>
<td>• Feedback from listening sessions has helped shape key priorities and strategy decisions.</td>
</tr>
</tbody>
</table>

Draft for policy development purposes
Over 1,000 people attended the economic development listening sessions, which were held in the following communities:

Barnstable  
Fall River  
Fitchburg  
Framingham  
Holyoke  
Lowell  
Lynn  
Pittsfield  
Quincy  
Roxbury  
Salem  
Springfield (2)  
Worcester
METHODOLOGY: The 14 regional economic development listening sessions were well attended, and yielded insights from across the Commonwealth on economic development priorities.

Themes from the fourteen economic development listening sessions
- Concerns and inhibitors to growth

- Site readiness and infrastructure concerns
- A lack of capacity in local governments and municipal boards
- Business and land use regulations – volume, complexity, lack of predictability
- Housing affordability: Around Boston, there’s limited housing workers can afford, and outside Boston, incomes aren’t high enough
- Uncompetitive business costs
- Need for systems that bring companies to scale
- Need for business mentorship, and small business technical assistance
- Employers struggling to find skilled workers, in middle-skills positions and in the STEM fields
- Businesses struggling to access early-stage capital
- Communities outside Boston struggling with talent retention
- Economic struggles of many communities outside the Boston core

Draft for policy development purposes
METHODOLOGY: The Economic Development Planning Council, also legislatively mandated, and appointed by the Governor, was convened to gather feedback on the plan.

As per the legislation, the Economic Development Planning Council is comprised of a cross-section of economic leaders in the Commonwealth:

Secretaries of:
- Housing and Economic Development;
- Administration and Finance;
- Transportation;
- Labor and Workforce Development;
- Energy and Environmental Affairs

Appointee of House Speaker
Appointee of Senate President

Representatives of:
- Higher education
- Associated Industries of Massachusetts
- Massachusetts Municipal Association
- A chamber of commerce
- A Massachusetts-based venture capital firm

Additional members of regional and local economic development groups, and members of the business community.
II. Analysis and Organizing Principles for Economic Development Strategy and Plan
STRENGTHS OF THE MASSACHUSETTS ECONOMY

• An unmatched knowledge economy
• The nation’s best-educated workforce
• Forty percent of workers employed in the innovation sector
• Competitive overall tax position – 27th in state and local taxes as a share of GDP
• A nationally leading research and development base – per capita and as a share of GDP, more R&D expenditures, and federal funding for R&D, than any other state
• A national leader in venture capital investment as a share of GDP
• Second in tech patents per capita
• Ranked first in the nation in the Milken Institute State Science and Technology Index

• High and growing prosperity – fifth highest GDP per capita, fifth highest rate of growth in the US
• High and growing labor force productivity – fifth highest GDP per labor force participant, fifth highest rate of growth in the US
• Third highest average wages in the US, with greater-than-average wage growth
• Diverse cluster base – education, financial services, biopharma, health care delivery, medical devices, technology, insurance, and marketing
• Supportive business ecosystem
• Political and fiscal stability
WEAKNESSES OF THE MASSACHUSETTS ECONOMY

• High levels of overall economic inequality: 7th highest level of inequality in the US
• High levels of regional inequality
  • All regions outside the Boston metro lag US averages in measures of prosperity, private employment, and wages
  • Berkshire, Bristol, Hampden, Franklin and Worcester Counties have each seen negative job growth since 1998
• Weak net job growth (from 1998-2013, growth of 0.31%, 35th in the US) at the state level
• Weak net in-migration hampers meaningful growth in net jobs
• Growing skills gap in middle-skills jobs
• Low labor mobilization rate
• Complex regulatory environment
• Aging infrastructure

• Demographic challenges: An older-than-average workforce, and aging more quickly than the US
  • Demographic trends are particularly challenging in the western counties and on the Cape
  • A graying population has wide-reaching implications for job creation and municipal financial health
• Demographic churn will exacerbate middle skills mismatches
• Slower-than-average rate of new business formation
• Unaffordable housing
• A slow and dysfunctional housing production market
• High energy costs
• Reputation as a high-cost state for businesses
ANALYSIS: A number of economic opportunities for the Commonwealth have been identified through HED’s research, stakeholder engagement, and statewide public listening sessions.

OPPORTUNITIES FOR THE MASSACHUSETTS ECONOMY

- The increasing orientation of the national economy toward knowledge-intensive industries plays to Massachusetts’ strengths
- Massachusetts possesses dynamic institutional endowments
- Manufacturing’s value proposition is shifting in Massachusetts’ favor
- The state has a renewed focus on vocational and technical education
- The state is bringing new resources to bear in skills training, manufacturing equipment, and infrastructure
- Residents and workers are embracing character-rich urban neighborhoods nationally; creates a market tailwind for Gateway City development
- Massachusetts-based entities are driving technological innovation in areas of existing strength, creating platforms for future growth in:
  - Digital health care
  - Internet of things
  - Robotics
  - Flexible hybrid electronics
  - Revolutionary fibers and textiles
  - Cyber security
  - Marine technology
  - Big data
  - Photonics
  - Autonomous vehicles
  - Financial technology
- Communities, eager for the benefits of growth, are advancing planning and development efforts.
ORGANIZING PRINCIPLES: Citizens, communities, and businesses are at the heart of the Baker-Polito economic development strategy and plan, with the goal of creating opportunities for all.

Economic prosperity for citizens

Economic vitality for communities

Economic growth for businesses
ORGANIZING PRINCIPLES: Citizens, communities, and businesses are at the heart of the Baker-Polito economic development strategy and plan, with the goal of creating opportunities for all.

A VISION FOR THE COMMONWEALTH’S FUTURE

Economic prosperity for citizens
This economic development plan seeks to build a Massachusetts led by a strong middle class. Its primary objectives are economic opportunity and economic mobility for all the state’s citizens. By advancing ability of citizens to access good jobs and good wages, it seeks to build a strong, prosperous Commonwealth.

Economic vitality for communities
This economic development plan seeks to deepen the vibrancy of communities across Massachusetts. It creates new tools and opportunities to build capacity and leadership at the local level. It advances strategies for strengthening economic activity in a variety of community settings, from downtowns, town centers and community main streets, to industrial parks. And it seeks to unlock economic growth in all regions of the state. Through deep partnerships between state, regional, and local stakeholders, it seeks to foster communities across the Commonwealth where families can build a future.

Economic growth for businesses
This economic development plan seeks to build a Massachusetts where businesses of all sizes can thrive. It prioritizes efforts to make the business environment less complex and less costly. It will make government less intrusive, more responsive, and nimblier. It supports entrepreneurship and private enterprise, and a healthy business ecosystem.
Each agency within the Administration plays an important role in generating economic prosperity for our citizens, vitality in our communities, and growth for our businesses. The Executive Office of Administration and Finance provides executive branch agencies with resources to carry out their missions, and agencies execute their missions on behalf of the Commonwealth’s taxpayers. Coordination among agencies was a resounding theme during the meeting of the Economic Development Planning Council.

Whether it is transportation investments that get people from their homes to their jobs, or balanced regulations and permitting processes that allow businesses to grow, or readying our young people with a 21st century education, or helping today’s workforce navigate the dynamic changes in our economy, all parts of government must work together in order to achieve our common goals.
III. Supporting Policy Tenets and Areas of Implementation Focus:

A. Preparing Communities for Success
B. Fostering a Culture of Innovation and Entrepreneurship
C. Advancing Key Clusters and Industries
D. Creating a Balanced Regulatory and Business Cost Environment
E. Expanding Workforce Development and Talent Retention
F. Adopting Housing Policies that Support Economic Growth
G. Improving Transportation Access
SUPPORTING POLICY TENETS: In order to support citizens, communities and businesses, HED has identified seven priority policy areas that capture research, engagement, and public input to date.

Draft for policy development purposes
Policy Background

It is essential that the Commonwealth work with its communities to advance economic development. By supporting strong, leadership-rich, development-ready communities and regions, communities will be better positioned to attract human and investment capital in an intensively competitive environment.

Federal Reserve Bank of Boston research shows a strong relationship between community leadership and economic performance. Communities with strong bases of leadership at all levels have a better chance of succeeding.

Home rule in Massachusetts means economic development is a shared endeavor. Growth depends on municipalities’ ability to accommodate and permit new development, and be competitive in the regional, national and global marketplace. Growth also depends on the Commonwealth’s ability to work with municipalities to unlock private investment through enabling public investment, such as infrastructure improvements and environmental remediation. The Commonwealth’s ability to partner in executing on local and regional economic strengths and opportunities is linked directly to the ability of leaders at the local, state, and regional level to envision and create development-ready opportunities, be they one parcel or an entire district.

The Commonwealth must be committed to partnering with its communities and regions to ensure that each is ready for new opportunities and prepared for success.
Policy Objective

The Commonwealth is focused on strengthening communities and regions to allow them to capitalize on economic development opportunities. State, regional and local partners will work together to build strong, nimble, development-ready communities and regions.

Preparing communities for success means leadership and human capital development, investments in infrastructure, and creating physical spaces and regulatory envelopes that foster private investment and economic development, all in an effort to promote the health and vibrancy of communities.

All 351 communities of the Commonwealth matter. And each has its own economic priorities. The state will partner with each community and region to leverage their unique assets in ways that are consistent with their own growth plans and opportunities. Efforts will support high-growth, established and emerging communities. The Commonwealth will remain focused on Gateway Cities, and will expand programming to recognize the importance of Gateway Cities as regional sources of stability and growth. The Commonwealth will renew its focus on regional development opportunities. An Urban Agenda will also be pursued, along with efforts to advance suburban and rural interests.

The Commonwealth will not dictate, but instead will partner with communities and regions to invest in people, infrastructure, and planning.
PREPARING COMMUNITIES FOR SUCCESS: The plan focuses on strategic goals that are achievable and based on our assessment of the current and anticipated economic environment.

**Strategic Goals**

Strategic Goal #1: **FOSTER COMMUNITY LEADERSHIP DEVELOPMENT**
Invest in, and leverage, human capital in communities through strategic engagement with elected officials and community-based organizations.

Strategic Goal #2: **INVEST IN INFRASTRUCTURE**
Continue to provide public funding for public infrastructure that leverages and promotes private sector investment, economic development and job creation. Infrastructure investment includes transportation, utilities, site cleanup, and broadband.

Strategic Goal #3: **CREATE PHYSICAL SPACES THAT ATTRACT INVESTMENT**
Open new opportunities for economic development and local investment in a variety of settings, from local downtowns to industrial parks. Support community planning and community development by enhancing municipal and regional planning capacity through technical assistance programs, and providing technical assistance for land assembly and site remediation.

Strategic Goal #4: **CRAFT DEVELOPMENT-READY REGULATIONS**
Work collaboratively on the state, regional and local levels to reduce permitting and regulatory hurdles, and assist in the creation of pre-permitted sites.

Strategic Goal #5: **MATCH COMMUNITIES AND REGIONS TO ECONOMIC OPPORTUNITIES**
Through cooperative business development efforts and data sharing, match every region in the Commonwealth with new or enhanced economic development opportunities. Drive regional economic opportunities through partnerships with private, public and institutional actors.
Implementation Focus

-Leadership and Local / Regional Capacity Development: Build leadership and local capacity through technical assistance and programs that empower community-based organizations.

-Infrastructure: Invest in infrastructure that unlocks local and regional economic and housing development.

-Planning and Local Land Use: Support the revitalization of town centers and downtowns. Enable pro-growth planning and rezoning efforts. Support regional land use planning, and the identification of priority development and preservation sites. Aid efforts by municipalities and regions to assemble, clean, permit, and market development sites.

-Leverage Local and Regional Strengths: Assist municipalities and regions in identifying and executing on economic strengths and emerging opportunities.

-Gateway Cities: Gateway Cities have served as entry points to the middle class for much of Massachusetts’ history, and they continue to have a critical place in the Commonwealth’s economy. Gateway Cities typically have higher poverty rates and unemployment rates than the state at large. At the same time, Gateway Cities possess enviable assets, including character-rich downtowns, competitive manufacturing bases, and educational institutions oriented toward economic development. The Commonwealth will continue to focus on the advancement and wellbeing of Gateway Cities, and will recognize the importance of Gateway Cities as regional sources of stability and growth.

-Urban Agenda: Promote economic vitality and cultivate safer, stronger urban neighborhoods across Massachusetts. Support programs that leverage local assets and opportunities. Support programs that connect populations that experience chronically higher rates of unemployment, including African Americans, Hispanic or Latino Americans, recently returned veterans, and persons with disabilities, to economic opportunity. Support entrepreneurs, small businesses, and targeted workforce development efforts. Empower community-based organizations to drive lasting change in their neighborhoods.

-Rural Agenda: Advance the economic welfare of rural residents, communities and businesses through targeted local economic development assistance, smart growth housing, regional workforce development efforts, supports for entrepreneurship, and strategies that drive economic development from agriculture.
Policy Background

Driving all economies are innovation and entrepreneurship. Massachusetts has been a leader in both, with the spirit of innovation and entrepreneurship resulting in the start-up and scaling of national and international businesses that have topped their sectors and produced tremendous results. Tomorrow’s economies will need to be even more innovative and entrepreneurial, so Massachusetts needs to continue to be at the forefront of research and development, technology transfers, small business formation and scale-up success.

Much independent research points to the importance of encouraging homegrown business development, and supporting entrepreneurship. The Kauffman Foundation, for example, has found that the bulk of annual job creation nationally comes from small firms. The Rappaport Institute for Greater Boston at Harvard’s Kennedy School of Government has found that the proliferation of small establishments and entrepreneurial activity drive overall economic health.

Small businesses and startups remain the backbone of the Massachusetts economy. The successful pursuit of innovation and entrepreneurship contributes to a broader ecosystem that enables homegrown companies to grow to scale, and better positions Massachusetts to attract and retain national firms. The entrepreneurial ecosystem benefits companies new and old, large and small, and from all parts of the state.
Policy Objective

Massachusetts recognizes that the vast majority of business growth comes from within a state’s own borders, and new business formation drives a state’s overall economic health. The Commonwealth is in an unmatched position to harness entrepreneurship for economic growth and prosperity. The state has a unique set of innate assets, including its leading colleges and universities, which serve as engines of innovation and entrepreneurship. The state’s mission is to leverage these innate assets, and foster an environment where entrepreneurs can thrive.

The Commonwealth will ensure that the lines between businesses and institutions of higher education are more permeable, reduce barriers to starting businesses, tend to the entrepreneurial ecosystem, and eliminate barriers that keep entrepreneurs from bringing startups to scale in Massachusetts. It will engage the University of Massachusetts system as regional stewards of research, innovation, entrepreneurship, and economic development.

The Commonwealth will build capacity among a broad range of small businesses, including businesses owned by women, veterans, recent immigrants, and entrepreneurs of color.

Massachusetts will also continue to compete for new business from large national and international firms in an opportunistic manner. The Commonwealth has the ability, attributes and resources to be successful in such competitions, and will highlight and deploy them as appropriate.
Strategic Goals

Strategic Goal #1: DEEPEN PARTNERSHIPS WITH HIGHER EDUCATION
Advance the competitiveness of Massachusetts industries through strong partnerships with institutions of higher education. Partnerships will increase research funding, tech transfer and talent pipelines into the private sector, while ensuring that investments made by the Commonwealth create opportunities within communities that lead to job growth and increased opportunities for job training.

Strategic Goal #2: SUPPORT AN INFRASTRUCTURE FOR INNOVATION
Support and improve the state’s innovation infrastructure, including the spaces, organizations, programs and connections that spur entrepreneurship across the state. Ensure that innovation infrastructure extends to communities of color. Innovation infrastructure includes: co-working spaces, venture centers, maker and artist spaces, accelerators, classes, competitions, meet-ups and interactions with thought leaders.

Strategic Goal #3: SEED AND GROW INNOVATION COMMUNITIES
Help community leadership and community-based stakeholders across the state position themselves as places that can grow and participate in the innovative, creative and entrepreneurial ecosystem in Massachusetts.

Strategic Goal #4: SUPPORT COMMUNITY-BASED ENTREPRENEURSHIP
Develop and sustain supports for a broad range of small businesses, from traditional businesses, to innovative start-ups, to the creative economy. Support entrepreneurship at each phase of business: from idea, to proof of concept, to thriving business. Support minority-, women- and veteran-owned businesses through capital access and technical assistance programming. Deepen entrepreneurship among minority-, women-, LGBT- and veteran-owned businesses serving public and private supply chains. Support entrepreneurship among recent immigrants. The focus of this goal will include entrepreneurs who run main street, trade and service businesses, and scalable businesses, through MOBD and community-based partners such as CDCs and CDFIs.

Strategic Goal #5 COORDINATE QUASI-PUBLIC AGENCY WORK
Work with quasi-public agencies to ensure that they are positioned to execute on the next level of opportunities in innovation and entrepreneurship, including emerging areas of the economy.
FOSTERING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP:
Implementation will be a combined effort of legislation, programs,
and initiatives.

Implementation Focus

-Cross-cluster collaboration: Build on areas where the Commonwealth already enjoys a competitive advantage due to its density of higher educational institutions, health care delivery infrastructure, advanced manufacturing expertise, creative economy, and educated workforce to grow emerging clusters. Continue to support the regional Creative Economy Network, supporting the creative economy across the state.

-Higher education: Leverage the growth of applied research programs and university-based venture centers to drive talent and economic development. Increase supports for tech transfer and research commercialization. Leverage the research work of the University of Massachusetts system to drive entrepreneurship, especially in regions outside Greater Boston. Continue to build deep partnerships between public university researchers, students, and regional businesses, as UMass Lowell has already done. Engage the University of Massachusetts system as stewards of regional economic development.

-Community innovation infrastructure: Grow a statewide community of innovation by supporting locally grown innovation districts that serve as magnets for top talent, thought leaders and entrepreneurs. These districts should be driven by a variety of talent representing tech, manufacturing, food, art, etc., and should authentically include a diverse community of active participants. Support flexible shared workspaces that enable new product development and entrepreneurship.

-Talent: Apply the principles of innovation to creatively address the talent shortage challenges faced by the tech sector. Engage the talent itself in identifying new strategies for educational attainment and workforce retention.

-Capital: Identify new tools for financing, and ways to support increased funding from all levels of government for start-ups. Ensure capital is available to emerging and high-growth companies, and to mature companies seeking succession or growth in new areas of production.

-Technical assistance: Pair capital access initiatives with business technical assistance programming, to ensure that community-based entrepreneurs have the technical skills they need to grow thriving businesses.

-Supplier diversity: Lead by example, by working proactively to connect minority-, women-, LGBT- and veteran-owned businesses to state government contracting in a more robust manner. Advance the ability of diverse businesses to serve the supply chain needs of private- and public-sector entities with supplier diversity mandates. Use the state’s convening power to deepen business-to-business capacity among small and diverse suppliers.

-Military assets: Through the Governor’s Military Asset and Security Strategy Task Force, deepen the role of Massachusetts military installations in the innovation economy by fostering connections between military assets and the private sector.

Draft for policy development purposes
Policy Background

An increasingly competitive national and international economy means Massachusetts’ economic future depends on the state’s ability to provide unique, high-value products and services to a national and international customer base. Massachusetts businesses must be able to sell to the world.

No state can achieve broad prosperity and economic mobility by focusing exclusively on local service businesses and low-value commodity production. Whether in research and development, or in advanced manufacturing, prosperity for states and regions flows from the growth of strong, competitive clusters.

The Commonwealth’s cluster strategy is informed by ongoing engagement with Harvard Business School and MIT. HBS data, for example, shows that wages in traded clusters – industry clusters that sell to national and international markets – are twice as high as wages in firms that serve local markets exclusively; the data also show that strong clusters drive strong employment gains. Engagement with MIT has centered around systems that allow companies in significant clusters to grow to scale in Massachusetts.

To achieve the fullest of prosperity, the Commonwealth should consider advancing a cluster strategy that ensures that high-growth sectors remain strong, emerging sectors take root and grow, and traditional sectors thrive.
Policy Objective

Working collaboratively, the Commonwealth will strengthen the state’s many competitive clusters. The strategy will be responsive to regionally significant clusters, ensuring regional strengths are identified and cultivated alongside the state’s strongest statewide clusters. Similarly, the Commonwealth will support emerging clusters in regions throughout the state, thereby providing residents, existing businesses and their host communities with access to the opportunities growing clusters can produce.

Additionally, the Commonwealth will identify differing needs and opportunities within both emerging and established clusters. The Commonwealth will engage its quasi-public entities in efforts to coordinate and enhance cluster and industry development. The Commonwealth will also engage non-governmental entities and industry leaders in cluster development efforts.

Economic development efforts will be data-driven. Efforts will focus on strong traded clusters identified by Harvard Business School’s US Cluster Mapping project, along with significant local industries, such as health care delivery, tourism and hospitality, and advanced manufacturing. The state will seek to deepen significant clusters and industries, and provide clusters and industries with additional business growth opportunities by expanding markets, both domestically and abroad.
SUPPORTING KEY CLUSTERS AND INDUSTRIES: The plan focuses on strategic goals that are achievable and based on our assessment of the current and anticipated economic environment.

### Strategic Goals

**Strategic Goal #1: ANALYZE AND COMMUNICATE OPPORTUNITIES**
Comprehensively evaluate the state’s established and emerging clusters, and develop targeted regional and statewide strategies linked to actionable opportunities. Leverage public resources and invest in cluster infrastructure.

**Strategic Goal #2: STRENGTHEN ESTABLISHED CLUSTERS**
Work collaboratively to increase competitiveness of the state’s strongest clusters. Engage cluster leaders to identify cross-cutting issues and opportunities that effect the state’s clusters.

**Strategic Goal #3: SUPPORT EMERGING CLUSTERS**
Identify and support emerging clusters poised for growth. Foster connections among sectors to spur innovation.

**Strategic Goal #4: ACT REGIONALLY**
Enable regional leaders to capitalize on regional cluster strength, by fostering multi-stakeholder collaborations and aiding in data and strategy development.

**Strategic Goal #5: EXPAND MARKETS**
Assist in opening new markets for established and emerging Massachusetts clusters by connecting local businesses to wider domestic and international customer bases, and by deepening local supply chains and facilitating local sourcing. Assist in building the capacity of local firms to export their goods and services.
Implementation Focus

- **Strong Clusters and Spin-offs:** The Commonwealth has a strong portfolio of established and emerging traded clusters (traded clusters are clusters that have national and international business, not just local business). By leveraging this strong cluster base, the state has an opportunity to increase innovation and job growth. Top established clusters statewide include education, financial services, information technology, tourism and the life sciences. Emerging clusters include digital health care, big data, autonomous vehicles, flexible electronics, and revolutionary fibers and textiles. Traditional industries are many, including transportation services, agriculture, retail and restaurants.

- **Regional Strengths:** Each region has unique cluster strengths, and many regional leaders to support and develop established and emerging clusters. Strong regional clusters include aerospace in the Pioneer Valley, plastics in the Merrimack Valley and the Berkshires, food production in Franklin County, digital health care in Springfield, and marine technology in the South Coast.

- **Regional Cluster Support Systems:** Continue to engage the University of Massachusetts system around cluster development in engaging areas, and link researchers in the UMass system to emerging clusters on a regional basis. Current regional cluster development opportunities exist around flexible electronics in Amherst and Lowell, nanomanufacturing in Lowell, big data in Amherst, and digital health care in Worcester.

- **Collaboration and Cluster Convening:** Massachusetts has a strong support system for businesses, and can strengthen clusters by increasing collaboration and communication among the various stakeholders. The state’s primary role is in identifying unmet needs in clusters, convening clusters, providing research and data, and connecting employers with talent.

- **Strategy Development:** Increase the utilization of data about cluster competitiveness, both statewide and regionally, to drive strategy.

- **Remove Barriers and Promote Success:** Removing cross-cutting business environment issues and barriers to growth can increase business competitiveness and foster access to global markets.

- **Specific Cluster Supports:** The state recognizes that there are specific supports that are necessary for various sectors or industries. Examples of these supports include the Financial Services Advisory Council, the Advanced Manufacturing Collaborative, the Massachusetts Life Sciences Center, and the Massachusetts eHealth Institute.

- **Military assets:** Continue to pursue cluster development through collaboration with Massachusetts military assets. Areas of growth include cybersecurity at Hanscom Air Force Base, advanced materials at Natick Soldier Systems Center, and the Commonwealth’s ongoing engagement with the Department of Defense-funded National Network for Manufacturing Innovation.

Draft for policy development purposes
The Commonwealth has a diverse employment base in both traded clusters – clusters that compete on a national and international scale – and locally-oriented clusters.

<table>
<thead>
<tr>
<th>Cluster Name</th>
<th>State</th>
<th>Berkshire</th>
<th>Pioneer Valley</th>
<th>Hampden</th>
<th>Worcester</th>
<th>North East</th>
<th>Boston</th>
<th>South East</th>
<th>Cape &amp; Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Health Services</td>
<td>493,846</td>
<td>10,225</td>
<td>45,069</td>
<td>34,149</td>
<td>53,709</td>
<td>162,293</td>
<td>102,987</td>
<td>108,784</td>
<td>17,606</td>
</tr>
<tr>
<td>Local Hospitality Establishments</td>
<td>286,748</td>
<td>5,462</td>
<td>23,848</td>
<td>16,045</td>
<td>25,979</td>
<td>96,393</td>
<td>51,645</td>
<td>73,090</td>
<td>12,009</td>
</tr>
<tr>
<td>Business Services</td>
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<td>6,731</td>
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<td>14,690</td>
<td>57,918</td>
<td>10,680</td>
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SUPPORTING KEY CLUSTERS AND INDUSTRIES: HED will focus in part on deepening activity in key clusters with national and global footprints.

This economic development plan is oriented around growing employment in statewide and regional traded clusters – those clusters that compete on a national and international scale. This focus derives from a finding by HBS’s Institute for Strategy and Competitiveness that wages in strong traded clusters are twice as high as local clusters.

<table>
<thead>
<tr>
<th>Cluster Name</th>
<th>2013 Employment</th>
<th>National Rank</th>
<th>Statewide</th>
<th>Berkshire</th>
<th>Pioneer Valley</th>
<th>Worcester</th>
<th>Northeast</th>
<th>Boston</th>
<th>Southeast</th>
<th>Cape &amp; Islands</th>
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<td>206,274</td>
<td>3,273</td>
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<td>14,706</td>
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<td>250</td>
<td></td>
<td>335</td>
<td>-</td>
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</tbody>
</table>
Policy Background

Data compiled by the Massachusetts High Technology Council and others show that Massachusetts punches far above its weight on a host of economic performance metrics, from venture capital investment and technology employment, to research and development output and GDP growth.

At the same time, MHTC, Associated Industries of Massachusetts, and the Massachusetts Taxpayers Foundation have all identified areas where Massachusetts is a clear business cost outlier, including energy and health care costs, as well as general business and regulatory compliance costs. High business costs can represent a significant drag on growth.

Wages are among the highest costs to businesses. High wages commanded by Massachusetts workers are a signal of success, indicating that companies and employees are producing high-value, globally competitive products. In certain sectors and regions, though, wages can place businesses at a further competitive disadvantage; the reaction cannot be to place downward pressure on wages, but to work even more diligently to reduce business costs in other areas.

The Commonwealth should strive to drive down unnecessary business costs and improve the state’s overall regulatory environment. Doing so will drive business investment, extend the state’s leadership and competitiveness in industries, shift the value proposition in regions outside Boston and in heavily-regulated sectors, and lead to prosperity for both businesses and workers alike.
Policy Objective

The Commonwealth will create a first-in-class business environment by reforming burdensome business regulations, and reforming regulatory barriers to job creation and economic growth. That work will take place on an ongoing, continuous basis. The state will ensure a smart, transparent, and predictable regulatory framework by expanding and reforming stakeholder outreach.

Fostering an environment that promotes business investment and growth, especially in areas outside greater Boston, will ease the cost of doing business in the state and address the impacts those costs have on inhibiting business growth.

Additionally, and in recognition of the significant role municipalities have in promoting or limiting investment and growth, the Commonwealth will work with cities and towns on exploring and adopting best practices around permitting and regulation.

Taken together, the Commonwealth’s actions will result in tangible improvements for businesses currently operating in Massachusetts, and will aid future business development efforts by repairing the Commonwealth’s business reputation with out-of-state firms and site selectors.
Strategic Goals

Strategic Goal #1: **REFORM REGULATORY CULTURE**
Bring a culture of customer service and accessibility to state government’s interactions with regulated businesses. Increase transparency, measure and improve ease of customer use, and make interactions between businesses and regulators proactive, rather than painful.

Strategic Goal #2: **REFORM REGULATORY PROCESS**
Support ANF’s ongoing comprehensive regulatory review process, then bake continuous review and continuous improvement into business regulations. Use lessons learned during the current regulatory review process to reform the ways in which regulations impact businesses, and reform the ways in which business regulations are promulgated and enforced. Streamline the enforcement and issuance of business regulations on an ongoing basis.

Strategic Goal #3: **DRIVE COST COMPETITIVENESS**
Combat the Commonwealth’s high-cost reputation by taking a rigorous, data-driven approach to cost competitiveness. Identify, and reform, areas where Massachusetts is a cost or regulatory outlier.

Strategic Goal #4: **COLLABORATE ACROSS CABINETS**
Work across cabinets to present businesses with a coherent, aligned, and responsive regulatory structure at the state government level.

Strategic Goal #5: **DEEPEN LOCAL BEST PRACTICES**
Support the introduction and execution of regulatory best practices at the local level.

CREATING A BALANCED REGULATORY AND BUSINESS COST ENVIRONMENT:
The plan focuses on goals that are achievable and based on assessment of the current and anticipated economic environment.
Implementation Focus

- **Regulatory Culture and Process:** There is great opportunity to reform the regulatory culture and process within the Commonwealth. Regulatory culture reforms include reducing timelines, increasing predictability and offering online business portals for permitting and licenses, consolidating or eliminating obsolete boards and commissions, and continuing proactive business outreach through HED’s Regulatory Ombudsman.

Additionally, the state will focus on emphasizing outward-facing accountability by developing a more transparent, predictable, and balanced regulatory environment for all new business regulation; expand outreach to stakeholders, businesses, and licensees impacted by regulation; and formulate a permanent, ongoing review process for business regulations. HED’s regulatory agencies will be agile and responsive to disruptive new technologies.

- **Regulatory Review:** Every single regulation is currently subject to review, and a disposition finding will be made to either amend, repeal or leave alone. Agencies are encouraged to use discretion in reducing regulatory burdens in unique circumstances, and to adopt the use of bulletins and advisory opinions to expedite the implementation or clarification of regulatory changes.

- **Cost Competitiveness:** HED is currently engaged in work with academic researchers and other stakeholders on macro competitiveness issues. In addition, HED will continue to identify, and reform, areas where Massachusetts is a cost or regulatory outlier. Specific action areas include supporting efforts by Energy and Environmental Affairs to reduce energy costs, identifying and eliminating unnecessary variances in business fees, and holding the line on taxes.

- **Community Compacts:** Over 100 municipalities have already applied to participate in the Community Compact Cabinet, which incentivizes the adoption of best practices by local governments.
Policy Background

Businesses, whether soaring Kendall Square technology companies or manufacturers in the Pioneer Valley, routinely say they would hire more workers and expand their businesses, but they cannot find enough skilled employees to do so. Such anecdotes are backed up by research showing a growing skills gap, locally and nationally, in middle-skills and highly-skilled STEM-based fields.

Northeastern University’s Dukakis Center for Urban and Regional Policy expects the middle-skills gap to be far wider in Massachusetts than in the rest of the country. Two-thirds of expected middle-skills job openings in the near term will involve backfilling the jobs of retiring workers; left unfilled, these jobs will either move out of state, or evaporate altogether. The middle-skills gap is especially prominent in manufacturing, where Deloitte research has found the average employee to be within a decade of retirement age, and six of ten open skilled positions remain unfilled due to a shortage of skilled workers.

Highly educated and highly skilled workers are far more mobile than middle-skills workers. In fields that require high degrees of skill, the Commonwealth must both educate skilled workers, and work to retain them after graduation from Massachusetts-based colleges and universities.

Workforce development, in both middle-skills and high-skills fields, should be at the very center of every conversation about successful communities, families, and businesses.


Policy Objective

The Commonwealth will promote growth and opportunities by ensuring that residents have the skills employers seek, and that businesses are not constrained by shortages of skilled workers.

The Governor’s Workforce Skills Cabinet seeks to connect citizens to employment by aligning workforce training efforts with employer needs. The Commonwealth will identify promising demand-driven training and education models, and bring them to scale across the Commonwealth. The Commonwealth will ensure citizens are trained for critical middle-skills jobs, and will integrate statewide and regional planning processes, share data on labor pipelines, and staff a coordinated business growth response team.

Workforce development efforts will engage community-based organizations to expand employment opportunities for populations identified by the Governor’s Task Force on Economic Opportunity for Populations Facing Chronically High Rates of Unemployment – African-Americans, Latinos, veterans, and the differently abled. Attention will also be given to older workers, who posses many skills, but often encounter barriers to re-employment.

The Commonwealth will prioritize strategies for attracting and retaining highly-skilled workers, both for the continued growth of core industries in and around Boston, and to lay the foundation for sustainable growth outside the Boston area. The Commonwealth will advance initiatives to retain and attract young people, recognizing many regions are concerned about the loss of population, especially among young individuals and families.

Recognizing that foreign-born college graduates are proven job-creators, the Commonwealth will advance strategies to retain highly educated international entrepreneurs.
Strategic Goals

Strategic Goal #1: ALIGN WORKFORCE DEVELOPMENT BEHIND EMPLOYER NEEDS
On a regional basis, seek out and scale up regional workforce development models that provide workers with the skills employers demand. Ensure that regional employers, educators, and workforce training officials are coordinated in a way that creates strong talent pipelines, for both middle-skills and highly skilled jobs. Create robust skills pipelines by deepening partnerships between employers, community colleges and vocational-technical schools, and the public workforce system.

Strategic Goal #2: COORDINATE STATE WORKFORCE DEVELOPMENT RESOURCES
Commit to aligning HED planning and skills-related spending behind the agenda of the Workforce Skills Cabinet. Support the work of the Governor’s BizWorks 2.0 Team, a cross-secretariat effort that deploys rapid resources behind employer hiring inquiries.

Strategic Goal #3: IMPROVE TALENT RETENTION
Facilitate job growth by implementing policies that aid talent retention efforts throughout the Commonwealth, both in Greater Boston, and in the state’s various regions. Deepen connections between employers and students. Address quality-of-life priorities that impact talent retention.

Strategic Goal #4: FACILITATE REGIONAL DIALOGUE ON SKILLS PIPELINES
Prioritize and emphasize the role of MOBD regional directors in interfacing with businesses on employer skills needs, and in aggregating employer hiring needs on a regional basis.

Strategic Goal #5: DEEPEN INTER-SECRETARIAT COLLABORATION
Deepen the cross-secretariat working relationships fostered by the Workforce Skills Cabinet structure, including continued collaboration on strategic planning, budgeting, and grant-making. Collaborate with Health and Human Services to connect human service populations to meaningful employment. Collaborate with Public Safety and Security on employment and vocational training for populations exiting the criminal justice system.

Draft for policy development purposes
**Implementation Focus**

**Coordinate Workforce Skills Cabinet Resources:** The Governor’s Workforce Skills Cabinet has collectively mapped each secretariat’s skills-oriented resources, and has committed to coordinating resources, as well as coordinating statewide and regional planning efforts. The Cabinet has recently signed an agreement creating a unified team to respond to business hiring inquiries. The Skills Cabinet has created a new, coordinated vocational training equipment capital grant program, and is ensuring that discretionary grants and other skills-related funding streams require close collaboration among private employers, educational institutions, and the public workforce system.

**Employer Skills Demand:** Better coordination of skills-oriented resources and investment will drive effectiveness in connecting the regional workforce boards with regional employers, connecting employers with chronically unemployed target populations, and leveraging the regional directors from the Mass. Office of Business Development. The Skills Cabinet will implement a new integrated regional planning effort that will map skills pipelines against employer hiring demands.

Expanding skills-based training in vocational-technical, comprehensive high schools, and in community colleges is also an important area of implementation focus, as is continuing engagement with economic and academic institutions, in order to understand data on regional job demand, demographic cliffs, and skills gaps.

**Talent Retention:** Talent retention is one of the biggest concerns that has been expressed during our research, stakeholder engagement, and public listening sessions. Implementation areas of focus include connecting young people to employment opportunities throughout the Commonwealth through increased internship and mentorship programs, and supporting youth and young adult entrepreneurship, especially in regions outside Boston, as a talent retention tool. Models to scale up include EforAll, Valley Venture Mentors, SPARK, and LEVER.

Additionally, supporting the development of more housing demanded by young professionals, particularly high-quality, downtown rentals, and supporting quality of life improvements, including investment in the arts, transportation reform, and responsible liquor license reform are areas of implementation focus.
Policy Background

Housing policy directly influences the state’s economy.

Statewide housing production rates are roughly half what they were during the 1970s and 1980s, and a prolonged construction supply slump has caused price spikes. Since 1980, Massachusetts home prices have risen nearly twice as quickly as home prices in the US. Massachusetts now has the country’s fourth-highest home prices, and its ninth-highest rents. In nearly every county in the state, at least half of households are paying more than 40 percent of incomes in rent.

The struggle to keep pace with housing demand is a barrier to maintaining a competitive workforce. Massachusetts Housing Partnership research shows that the Boston metropolitan area is losing a significant number of residents to metros that offer broader and more affordable housing choices; of the top five metros that eastern Massachusetts is losing residents to, four also have higher rates of innovation economy growth. According to the Metropolitan Area Planning Council, by 2040, Massachusetts cities and towns must produce 500,000 new housing units, including two-thirds for multi-family units, to keep pace with population demands and to support the economy.

The Commonwealth’s Housing policies must address individual and family economic security, but must also align with broader economic development goals to support the stability and growth of businesses and municipalities.
Policy Objective

The Commonwealth recognizes the deep ties between housing policy and economic development and therefore is committed to partnering with municipalities to ensure a greater supply of new housing that citizens can afford, and to ensure that the types and locations of new housing supply are aligned with market demands, and local and regional needs. These efforts will be consistent with smart growth principles.

The Commonwealth will drive the production of non-luxury, middle-market housing units by engaging with communities, building local capacity, and creating incentives for communities and developers to help move statewide housing production forward. Efforts will seek to create housing that is affordable to lower and middle-income wage earners, typically considered occupants of workforce housing.

Producing traditional affordable housing will remain a priority, as will the emphasis on preserving so-called expiring use properties, and supporting efforts to update public and private housing stock.

Prosperity includes a roof over one’s head, but also opportunities to pursue education, secure jobs and contribute to the community. Thus, the Commonwealth will initiate efforts through its housing programs to support individuals and families seeking to advance their own prosperity, while contributing to their communities and state as well.
Strategic Goals

Strategic Goal #1: INCREASE THE SUPPLY OF HOUSING
The pool of public subsidies available for traditional affordable housing is finite, and inadequate as a standalone response to the Commonwealth’s housing needs. Therefore, HED and its agencies will pair traditional affordable housing investments with a market-based approach to housing affordability. The administration will advance policies that answer the high demand for affordable and workforce housing with greater supply.

Strategic Goal #2: PROMOTE REASONABLE DENSITY IN CITIES AND TOWN CENTERS
HED and its agencies will cement the link between the Commonwealth’s Sustainable Development Principles and macro market trends by encouraging the construction of additional multi-family units, particularly in urban communities, including Gateway City business districts, and town centers. HED and DHCD will support density through planning assistance, MassWorks infrastructure grants, HDIP credits, and other tools.

Strategic Goal #3: EMPOWER MUNICIPALITIES BY SHARING BEST PRACTICES AND DATA
On a regional and local basis, connect current demand and demographic trends to community housing policies. Use data to quantify community housing needs, and illustrate the economics of new housing development. Use data to quantify new housing demand by volume and type of unit. Share best practices among communities and build local capacity.

Strategic Goal #4: SUPPORT AFFORDABILITY
Invest in the preservation and improvement of the current affordable housing stock. Explore strategies for incentivizing private capital investment in publicly-owned affordable housing.

Strategic Goal #5: SUPPORT MOBILITY
Through strategic investments in supportive services, connect affordable housing communities to meaningful educational and employment opportunities, and advance economic mobility and housing security.
ADOPTING HOUSING POLICIES THAT SUPPORT ECONOMIC GROWTH:
Implementation will be a combined effort of legislation, programs, and initiatives.

Implementation Focus

- Preserve Existing Housing: Advance strategies that preserve existing affordable housing. Address issues of maintenance of public housing stock as well as some privately owned homes. Promote foreclosure prevention activities, and partner with communities that are impacted by foreclosures.

- Meet Housing Demand With New Supply: Target specific state-owned sites for mixed-income housing development. Deploy Urban Agenda Housing Program Grants to enable communities to achieve new housing development on vacant or underutilized parcels. Work with towns facing Chapter 40B liabilities to achieve new mixed-income housing development, while reducing or eliminating the risk of home rule erosion. Collaborate with EEA to reduce barriers to housing development in rural communities. Focus existing planning tools to integrate and articulate communities’ housing and economic development goals. Enable private investment and targeted income-mixing in expiring use projects and in public housing in targeted, high-value markets, while preserving affordability. Incentivize the creation of starter home overlay zones.

- Meet the Market’s Demand for Smart Growth Development: Incentivize the creation of urban and town center housing development by leveraging and layering existing planning and financial tools. Amend the Housing Development Incentive Program to unlock new opportunities for new mixed-income development in Gateway Cities downtowns. Explore ways to make Chapter 40R smart growth incentives more flexible and effective. Reorganize existing DHCD staff to create an Office of Growth Planning Coordination. Promote vibrant downtowns and town centers to create communities where professionals live and work, and businesses thrive.

- Empower Municipalities: Help Community Preservation Committees promote master planning for housing and open space. Support regional technical assistance teams. Facilitate municipal peer mentorship. Support training sessions for local officials on targeted topics such as land use planning. Share demographic data, and integrate into local, regional, and statewide housing planning.

- Empower Citizens: Address generational poverty cycles by expanding supportive educational, vocational and occupational services to residents of affordable housing communities.

Draft for policy development purposes
Policy Background

Stakeholders in a vibrant Massachusetts agree that there is a dynamic relationship between transportation and economic development. The interrelated nature of transportation and economic development has been highlighted by many, including the respective secretaries who have opined on the importance of viewing transportation as an active tool for connecting citizens to their homes, jobs, and recreation, rather than as a passive conduit.

The winter of 2015 demonstrated the potential for a transportation network to make, or break, a regional economy. Traffic congestion robs commuters of time, costs businesses real dollars and threatens the overall health of the economy. Additionally, aging infrastructure, the public transportation mismatch between populations and workplaces, and the inability of many municipalities to unlock potential growth due to infrastructure deficiencies all present challenges.

Focused, collaborative efforts are possible, and the fostering of partnerships inside and outside of government holds great promise. The Commonwealth must have functioning transportation assets to realize that promise and promote greater and sustained prosperity for all.
Policy Objective

Recognizing the interconnected nature of transportation and economic development, and appreciative of the potential an aligned transportation and economic development policy is to the advancement of sustainable development, the Commonwealth will foster deep cross-secretariat collaboration around transportation, economic development, sustainability, and in policy planning and project execution.

The Commonwealth’s approach will be led by cross-secretariat working groups, in order to increase housing and employment opportunities for residents of all incomes and skills around transportation nodes; leverage transportation to unlock strategic economic development opportunities; and ensure reliable connections that support economic advancement for working individuals and families.

Transit-oriented development will also be emphasized in locations where adequate infrastructure exists. The combined efforts of transportation and economic development agencies will result in the strategic prioritization of improvements to the MBTA system, and also in support for RTAs across the state.

Policy and program collaboration across economic development and transportation stands to benefit communities and regions across the State.
Strategic Goals

Strategic Goal #1: SUPPORT HOUSING IN TRANSIT-ORIENTED DEVELOPMENT LOCATIONS
Advance sustainable development principles, support dynamic neighborhood-building, and deepen income security and transportation choice by linking new housing development to transit. Achieve environmental benefits by linking housing development to transportation in a sustainable manner.

Strategic Goal #2: USE TRANSPORTATION TO UNLOCK ECONOMIC DEVELOPMENT
Collaborate with state government partners and municipalities to identify and execute transportation investments that unlock significant economic development opportunities. Opportunities may be funded through MassWorks, public-private partnerships, I-Cubed or other value capture vehicles, or traditional transportation finance mechanisms.

Strategic Goal #3: CONNECT WORKERS TO JOBS
Consistent with MassDOT’s philosophy that transportation is a verb, not a noun, collaborate across secretariats to ensure that transportation provides strong connections to employment, reliability, and access for workers in all regions, and of all incomes.

Strategic Goal #4: STRENGTHEN REGIONAL CONNECTIONS
Collaborate with MassDOT and regional transit authorities on networks that link citizens to employment and education regionally.

Strategic Goal #5: CREATE A 21ST CENTURY TRANSPORTATION NETWORK
Work across secretariats to harness emerging technologies, such as transportation network companies and autonomous vehicles, to meet evolving economic and transportation needs. Support the development of long-term planning documents that align future transportation and land use needs.

Draft for policy development purposes
IMPROVING TRANSPORTATION ACCESS: Implementation will be a combined effort of collaborative partnerships, programs, and initiatives.

**Implementation Focus**

- **Drive housing production around transit nodes:** Engage cities and towns around best practices in transit station-area planning and zoning. Engage cities and towns around specific housing development opportunities near MBTA subway and commuter rail stations, and near significant Regional Transit Authority nodes. Through the Governor’s Real Estate Asset Leverage Strategy Group, build a strong pipeline of transit-oriented development opportunities on underutilized publicly-owned properties. Leverage discretionary housing resources, including technical assistance, Housing Development Incentive Program credits, and MassWorks infrastructure grants, to drive housing production in smart growth locations. Leverage discretionary housing resources to maximize opportunities for walking, bicycling, and transit usage.

- **Identify and execute strategic opportunities:** On a regional and statewide level, align economic development and land use planning with MassDOT’s long-range transportation planning. Identify strategic opportunities along the transit and state highway networks where interventions – transportation infrastructure, utility work, and/or site assembly – will unlock economic development opportunities. Maximize opportunities for public-private partnerships around transportation finance.

- **Ensure strong connections:** Support efforts by MassDOT to ensure the stability and reliability of a transportation network that connects residents of varying incomes to employment. Support efforts by MassDOT and Energy and Environmental Affairs to meet greenhouse gas reduction targets by reducing transportation emissions. Support MassDOT’s efforts to address bottlenecks in the statewide transportation network, and to build a modern, resilient MBTA. Continue strong coordination with MassDOT around MassWorks-funded transportation projects.

- **Embrace new technologies:** Engage with innovators, and harness disruptive transportation technologies as drivers of both economic development and transportation efficiencies.
IV. Prosperity, Vitality, Growth
PROSPERITY, VITALITY, GROWTH: Successful execution of this plan will benefit citizens, communities and businesses alike.

Economic prosperity for citizens

Citizens

Economic vitality for communities

Communities

Economic growth for businesses

Businesses

Draft for policy development purposes
We will measure ourselves against the progress made towards the achievement of the strategic goals laid out in this plan. Baseline performance has been or will be established, and a tracking system put in place. Progress will be monitored periodically and reported annually.

**PREPARING COMMUNITIES FOR SUCCESS - Strategic Goals**

**Strategic Goal #1: FOSTER COMMUNITY LEADERSHIP DEVELOPMENT**
- To what extent have we engaged with community and regional leaders?
- To what extent has there been implementation of best practices?

**Strategic Goal #2: INVEST IN INFRASTRUCTURE**
- To what extent have we linked infrastructure investments to private investment?
- To what extent are infrastructure investments consistent with local and regional planning?

**Strategic Goal #3: CREATE PHYSICAL SPACES THAT ATTRACT INVESTMENT**
- To what extent have we engaged communities around strategies and opportunities to create stronger downtowns?
- To what extent have we advanced development-ready sites in regions throughout the state?

**Strategic Goal #4: CRAFT DEVELOPMENT-READY REGULATIONS**
- To what extent have we engaged municipalities on best practices around zoning and permitting?
- To what extent have we rewarded best practices in local zoning and permitting?

**Strategic Goal #5: MATCH COMMUNITIES AND REGIONS TO ECONOMIC OPPORTUNITIES**
- To what extent have we linked technical assistance to local and regional strengths and opportunities?
- To what extent have we proactively matched business development opportunities to potential sites across the Commonwealth?
## FOSTERING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP - Strategic Goals

### Strategic Goal #1: DEEPEN PARTNERSHIPS WITH HIGHER EDUCATION
- To what extent have we linked higher education to the startup ecosystem?
- To what extent have we facilitated partnerships between higher education and regionally significant employers?

### Strategic Goal #2: SUPPORT AN INFRASTRUCTURE FOR INNOVATION
- To what extent have we supported innovation centers across the state?
- To what extent have we linked innovation centers and innovation community supports to organic regional opportunities?

### Strategic Goal #3: SEED AND GROW INNOVATION COMMUNITIES
- To what extent have we facilitated human capital development in innovation clusters?
- To what extent have we engaged community-based organizations in the innovation economy?

### Strategic Goal #4: SUPPORT COMMUNITY-BASED ENTREPRENEURISM
- To what extent have we engaged small businesses on cross-cutting concerns and opportunities?
- To what extent have community-based organizations providing small business assistance applied leverage to state contributions?

### Strategic Goal #5: COORDINATE QUASI-PUBLIC AGENCY WORK
- To what extent are quasi-public agencies supporting emerging areas of the economy?
- To what extent are quasi-public agencies aligned with the Commonwealth’s strategic economic development plan?
PROSPERITY, VITALITY, GROWTH: How will success be measured?

SUPPORTING KEY CLUSTERS AND INDUSTRIES - Strategic Goals

Strategic Goal #1: ANALYZE AND COMMUNICATE OPPORTUNITIES
- To what extent has the Commonwealth’s strategic business development focus been tied to strong cluster data?
- To what extent have we communicated the economic value of strong cluster development?

Strategic Goal #2: STRENGTHEN ESTABLISHED CLUSTERS
- To what extent have we invested in infrastructure that supports the growth of strong clusters?
- To what extent have we convened, communicated with, and partnered with established clusters?

Strategic Goal #3: SUPPORT EMERGING CLUSTERS
- To what extent have we identified and supported areas of emerging growth?
- To what extent have we assembled a toolbox that supports the growth of emerging clusters of varied specializations?

Strategic Goal #4: ACT REGIONALLY
- To what extent have we identified opportunities for dynamic growth in regional clusters?
- To what extent have we engaged regional clusters around strategic advancement?

Strategic Goal #5: EXPAND MARKETS
- To what extent have we assisted efforts by Massachusetts companies to open new domestic and international markets?
- To what extent have we advanced local sourcing and worked to deepen local supply chains?
CREATING A BALANCED REGULATORY AND BUSINESS COST ENVIRONMENT - Strategic Goals

Strategic Goal #1: REFORM REGULATORY CULTURE
• To what extent have we improved state government’s culture of customer service for regulated businesses?
• To what extent have we improved state government’s ease of use for regulated businesses?

Strategic Goal #2: REFORM REGULATORY PROCESS
• To what extent have we internalized, and applied, lessons learned from the ongoing comprehensive regulatory review process?
• To what extent have we measured regulatory impacts on businesses, and applied the findings to regulatory decisions?

Strategic Goal #3: DRIVE COST COMPETITIVENESS
• To what extent have we identified cost outliers in Massachusetts, and measured their impacts on economic competitiveness?
• To what extent have we taken meaningful steps to improve the Commonwealth’s business cost environment?

Strategic Goal #4: COLLABORATE ACROSS CABINETS
• To what extent have we engaged staff across cabinets on regulatory reform issues?
• To what extent have we implemented systems for responding to regulatory challenges?

Strategic Goal #5: DEEPEN LOCAL BEST PRACTICES
• To what extent have we engaged municipalities around regulatory best practices?
• To what extent have we incentivized the adoption of regulatory best practices by municipalities?
EXPANDING WORKFORCE DEVELOPMENT AND TALENT RETENTION - Strategic Goals

Strategic Goal #1: ALIGN WORKFORCE DEVELOPMENT BEHIND EMPLOYER NEEDS
• To what extent have we implemented regional systems for aggregating employers’ skills-related hiring demands?
• To what extent have we identified, and addressed, regional skills gaps?

Strategic Goal #2: COORDINATE STATE WORKFORCE DEVELOPMENT RESOURCES
• To what extent are HED resources supporting the goals of the Workforce Skills Cabinet in addressing regional employer hiring needs?
• To what extent is HED coordinating grant design, grant awards, and budgetary planning with the Skills Cabinet’s secretariats?

Strategic Goal #3: IMPROVE TALENT RETENTION
• To what extent have we made Greater Boston more welcoming to highly-educated workers?
• To what extent have we connected students and recent college graduates with economic opportunities in the state’s regions?

Strategic Goal #4: FACILITATE REGIONAL DIALOGUE ON SKILLS PIPELINES
• To what extent are MOBD regional directors communicating with regional employers on their skills needs?
• To what extent are these skills needs being aggregated and synthesized on a regional basis?

Strategic Goal #5: DEEPEN INTER-SECRETARIAT COLLABORATION
• To what extent are the Workforce Skills Cabinet secretariats aligned on strategic visions and goals?
• To what extent are the Workforce Skills Cabinet staffs collaborating on strategic planning, budgeting, and grant-making?
ADOPTING HOUSING POLICIES THAT SUPPORT ECONOMIC GROWTH - Strategic Goals

Strategic Goal #1: INCREASE THE SUPPLY OF HOUSING
• To what extent have we created credible incentives for increased housing development?
• To what extent are we aiding municipalities in planning and executing housing development?

Strategic Goal #2: PROMOTE REASONABLE DENSITY IN CITIES AND TOWN CENTERS
• To what extent have we linked technical assistance and other discretionary resources to sustainable development?
• To what extent have we measured, and addressed, market gaps in municipalities that want to expand their housing stock?

Strategic Goal #3: EMPOWER MUNICIPALITIES BY SHARING BEST PRACTICES AND DATA
• To what extent have we engaged communities around best practices in smart growth housing development?
• To what extent have we communicated the demographic drivers of regional housing demand?

Strategic Goal #4: SUPPORT AFFORDABILITY
• To what extent are we actively monitoring key housing affordability inputs, including expiring use cliffs, and deferred capital needs?
• To what extent are we leveraging state investments by employing creative capital strategies to affordable housing?

Strategic Goal #5: ADVANCE MOBILITY
• To what extent are we linking affordable housing to supportive economic services?
• To what extent are we deploying strategies that build economic independence and economic mobility?
### IMPROVING TRANSPORTATION ACCESS - Strategic Goals

| Strategic Goal #1: SUPPORT HOUSING IN TRANSIT-ORIENTED DEVELOPMENT LOCATIONS |
|---|---|
| • To what extent have we engaged municipalities around transit-oriented housing opportunities? |
| • To what extent have we opened a pipeline of transit-oriented housing projects on publicly-owned parcels? |

| Strategic Goal #2: USE TRANSPORTATION TO UNLOCK ECONOMIC DEVELOPMENT |
|---|---|
| • To what extent have we identified new economic development opportunities proximate to the state transportation network? |
| • To what extent have we linked new transportation investments to economic development opportunities? |

| Strategic Goal #3: CONNECT WORKERS TO JOBS |
|---|---|
| • To what extent have we advanced the stability and reliability of the transportation network? |
| • To what extent have we linked transportation access to employment opportunities in all regions? |

| Strategic Goal #4: STRENGTHEN REGIONAL CONNECTIONS |
|---|---|
| • To what extent have we engaged with MassDOT and regional transit authorities on priority mobility issues for regional communities? |
| • To what extent have we linked regional economic development strategies to regional mobility? |

| Strategic Goal #5: CREATE A 21ST CENTURY TRANSPORTATION NETWORK |
|---|---|
| • To what extent are we collaborating across secretariats to accommodate disruptive transportation technologies? |
| • To what extent are we using disruptive transportation technologies to open new economic development opportunities? |