What Makes Working Cities Work?

Massachusetts Municipal Association
Hynes Convention Center

Barry Bluestone
January 22, 2015

Dukakis Center for Urban & Regional Policy

Northeastern University
School of Public Policy & Urban Affairs
www.northeastern.edu/dukakiscenter

A “Think and Do” Tank
The Big Questions

What factors are most important in promoting economic development?

Do municipal leaders have any control over what really matters?
Working Cities

These questions are particularly important to older industrial cities like Massachusetts’ “Working Cities” … those that have suffered from deindustrialization, higher unemployment, lower family income, and higher poverty.

What can help these cities once again become economic engines, improving the well-being of their citizens and providing the tax base for their public services?
EDSAT TOPIC AREAS

The self-assessment tool includes sections on:

1. Access to Customers/Markets
2. Concentration of Businesses and Services (Agglomeration)
3. Lease/Rental Rates
4. Labor Quality & Cost
5. Municipal Process
6. Quality of Life (Community)
7. Quality of Life (Site Amenities)
8. Business Incentives
9. Tax Rates
10. Economic Development Marketing
Employment Trends

2001-2007
2007-2013
2001-2013
There’s wide variance in employment growth among Massachusetts “working cities”
### Working Cities

**Percentage Change in Employment**

**All Private Sector Industries**

**2007-2013:II**

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chelsea</td>
<td>16.0%</td>
</tr>
<tr>
<td>Lawrence</td>
<td>13.9%</td>
</tr>
<tr>
<td>Haverhill</td>
<td>9.5%</td>
</tr>
<tr>
<td>Somerville</td>
<td>8.9%</td>
</tr>
<tr>
<td>Salem</td>
<td>4.3%</td>
</tr>
<tr>
<td>Lynn</td>
<td>2.9%</td>
</tr>
<tr>
<td>Lowell</td>
<td>2.4%</td>
</tr>
<tr>
<td>Brockton</td>
<td>0.7%</td>
</tr>
<tr>
<td>Springfield</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Holyoke</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Worcester</td>
<td>-0.9%</td>
</tr>
<tr>
<td>New Bedford</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Pittsfield</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Everett</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Fitchburg</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Chicopee</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Revere</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Taunton</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Maiden</td>
<td>-14.9%</td>
</tr>
</tbody>
</table>

...the working cities with strong employment records from 2001 through 2007 have not necessarily continued to produce many jobs.
### Working Cities
**Employment in "Loss-Gain" (Resurgent Cities) 2001-2007 vs. 2007-2013:**

<table>
<thead>
<tr>
<th>City</th>
<th>2001-2007</th>
<th>2007-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haverill</td>
<td>-0.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Chelsea</td>
<td>-4.5%</td>
<td>16.0%</td>
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</tr>
<tr>
<td>Salem</td>
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<td>4.3%</td>
</tr>
<tr>
<td>Somerville</td>
<td>-6.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Lowell</td>
<td>-7.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Lynn</td>
<td>-8.0%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

#### Diagram:

- Green bars represent 2007-2013 employment changes.
- Red bars represent 2001-2007 employment changes.

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Working Cities
Employment "Gain-Loss" Cities
2001-2007 vs. 2007-2013:II

<table>
<thead>
<tr>
<th>City</th>
<th>2001-2007</th>
<th>2007-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revere</td>
<td>9.8%</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Taunton</td>
<td>8.8%</td>
<td>-12.2%</td>
</tr>
<tr>
<td>New Bedford</td>
<td>3.6%</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

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Working Cities
Employment "Loss-Loss" Cities
2001-2007 vs. 2007-2013:II

<table>
<thead>
<tr>
<th>City</th>
<th>2001-2007</th>
<th>2007-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsfield</td>
<td>-0.7%</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Everett</td>
<td>-2.4%</td>
<td>-3.4%</td>
</tr>
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<td>Worcester</td>
<td>-2.6%</td>
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<td>Chicopee</td>
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</tr>
<tr>
<td>Springfield</td>
<td>-3.6%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Holyoke</td>
<td>-9.0%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Fitchburg</td>
<td>-10.6%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Malden</td>
<td>-14.2%</td>
<td>-14.9%</td>
</tr>
</tbody>
</table>
Employment Change
2001-2013
Over the entire period 2001-2013:II, there is a good deal of variance to explain in employment trends.
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 and Establishment 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

<table>
<thead>
<tr>
<th>Available Development Sites</th>
<th>Site Amenities</th>
<th>Economic Development Marketing</th>
<th>Timeliness of Approvals</th>
<th>Parking</th>
<th>School &quot;Success&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>.59</td>
<td>.37</td>
<td>.36</td>
<td>.25</td>
<td>.18</td>
<td>0.15</td>
</tr>
</tbody>
</table>
Control Variables

Corr. %Chg Emp. 2001-2013/Proximity to Boston
+0.16 Slight positive correlation

Corr. %Chg Emp. 2001-2013/Higher Poverty Rate
+0.17 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

- Economic Development Marketing: 0.37
- Timeliness of Approvals: 0.31
- Parking: 0.23
- Public Transit: 0.23
- Cross Marketing: 0.23
- Low Traffic Congestion: 0.21
- Fast Track Permitting: 0.17
- Site Availability: 0.16
These results seem very encouraging

If factors such as crime rates, distance from Boston (and Logan Airport), and physical attractiveness were the most important factors determining establishment and employment growth, the working cities would have a high hurdle to overcome to rebuild their prosperity.

But the measures that seem to be most important to economic development are factors such as:

- Providing sites for economic development and site amenities
- Economic Development Marketing
- Speed of municipal processes
- On-site parking

These are factors over which municipal leaders have some immediate control

Using EDSAT and collaborating with the Working Cities Project, mayors and town officials – along with the business community -- can find the keys to enhance their community’s prosperity.

... and act on them
Thank You!

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