What Makes Working Cities Work?

Massachusetts Municipal Association
Mass Mutual – Springfield, Massachusetts

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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?
Economic Development Self-Assessment Tool (EDSAT)

Developed at the Dukakis Center for Urban and Regional Policy at Northeastern University to help cities and towns better understand the factors that contribute to healthy economic/employment growth.
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

... the working cities with strong employment records from 2001 through 2007 have not necessarily continued to produce many jobs.
Leaders and Laggards

EMPLOYMENT DATA COMPARISONS

2001-2007 vs. 2007-2013: II
Working Cities
Employment in "Loss-Gain" (Resurgent Cities)
2001-2007 vs. 2007-2013:II

<table>
<thead>
<tr>
<th></th>
<th>Haverill</th>
<th>Chelsea</th>
<th>Lawrence</th>
<th>Salem</th>
<th>Somerville</th>
<th>Lowell</th>
<th>Lynn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2007</td>
<td>-0.5%</td>
<td>-4.5%</td>
<td>-5.2%</td>
<td>-5.2%</td>
<td>-6.1%</td>
<td>-7.3%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>2007-2013</td>
<td>9.5%</td>
<td>16.0%</td>
<td>13.9%</td>
<td>4.3%</td>
<td>8.9%</td>
<td>2.4%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>
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>
### 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>
<tr>
<td>Worcester</td>
<td>-2.6%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Chicopee</td>
<td>-2.6%</td>
<td>-7.5%</td>
</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.
Working Cities
Percentage Change in Employment
2013:II - 2018:II

Massachusetts: 8.4%
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

Available Development Sites: .59
Site Amenities: .37
Economic Development Marketing: .36
Timeliness of Approvals: .25
Parking: .18
School "Success": 0.15
### Control Variables

<table>
<thead>
<tr>
<th>Variable Description</th>
<th>Correlation (%)</th>
<th>Type of Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity to Boston, 2001-2013</td>
<td>+.16</td>
<td>Slight positive</td>
</tr>
<tr>
<td>Higher Poverty Rate, 2001-2013</td>
<td>+.17</td>
<td>Slight positive</td>
</tr>
<tr>
<td>Larger Manufacturing Base, 2001-2013</td>
<td>+0.13</td>
<td>Weak positive</td>
</tr>
</tbody>
</table>
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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