



Northeastern University
Dukakis Center For Urban and Regional Policy

Halifax, Massachusetts: A Look at Economic Development

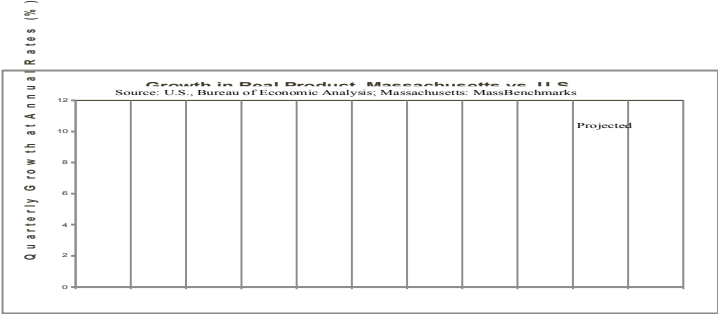
Barry Bluestone • June 29, 2015

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

A “Think and Do” Tank



First, a look at the
Massachusetts economy:



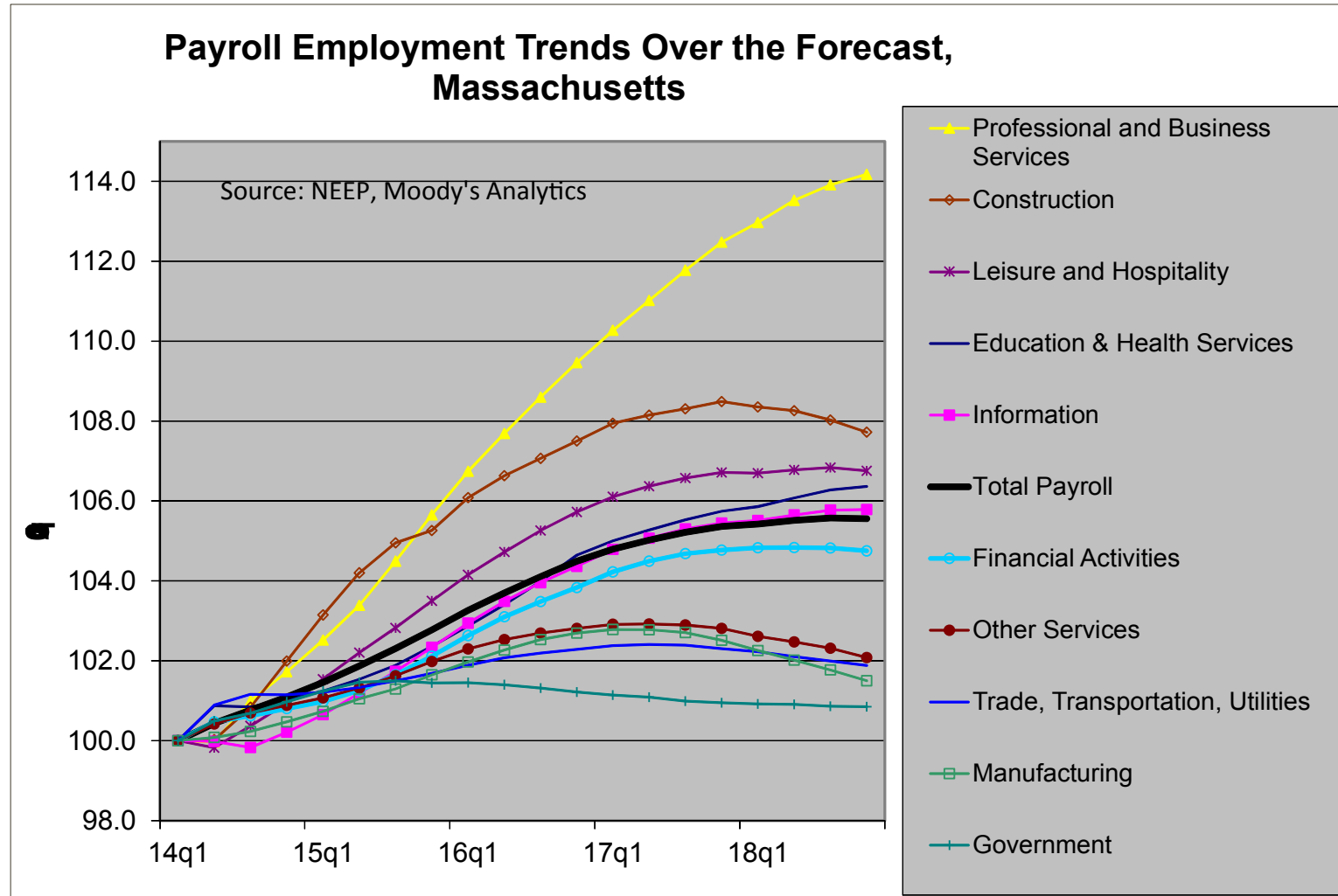
Total Non-Farm Employment: Seasonally-Adjusted Massachusetts 2003-2014

May 2015
3,477.8

By the end of 2013, Massachusetts had
recovered all the jobs it had lost in
the Great Recession ... and is
continuing to grow



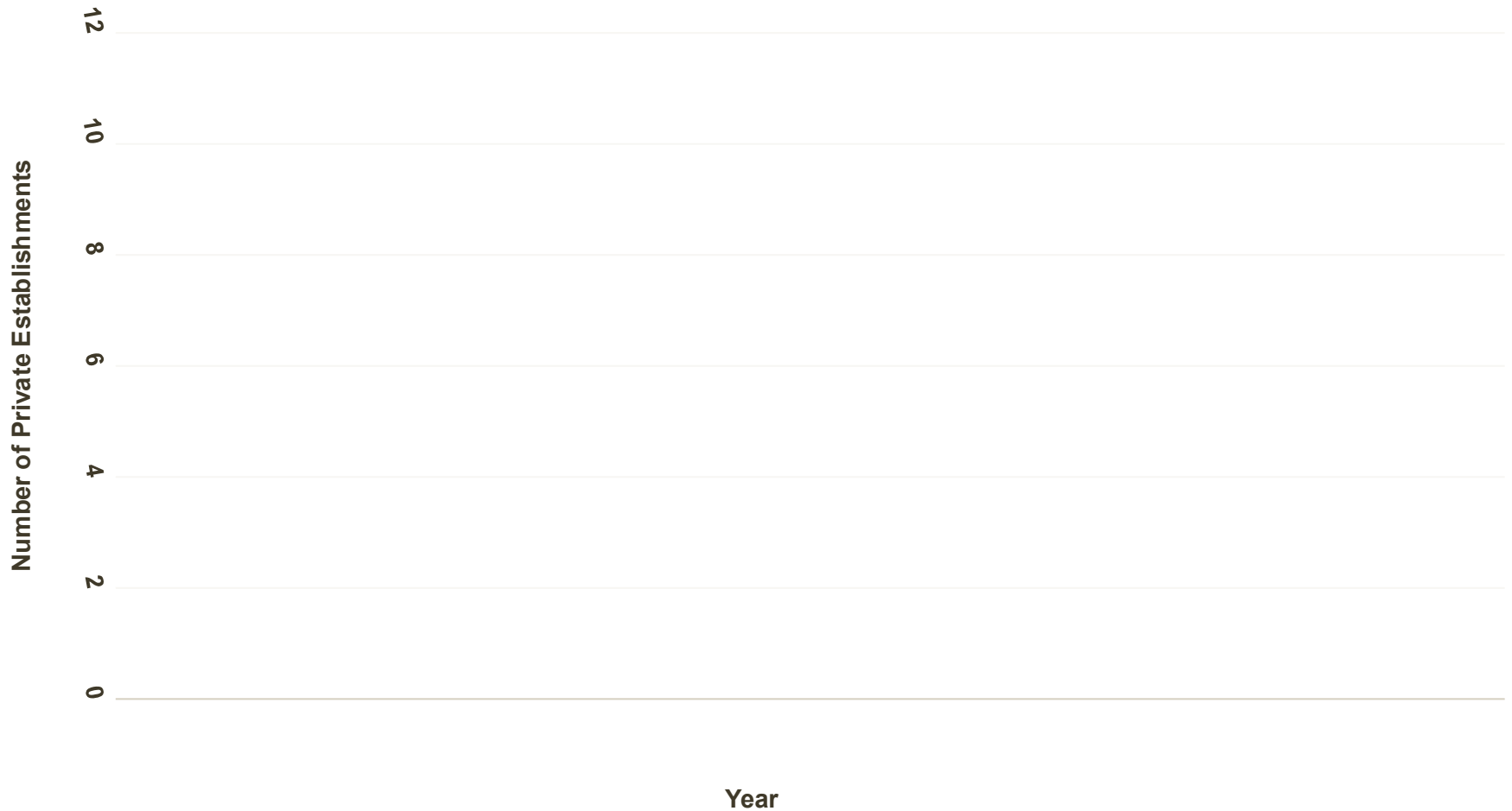
Projected Employment by Sector: 2014-2018



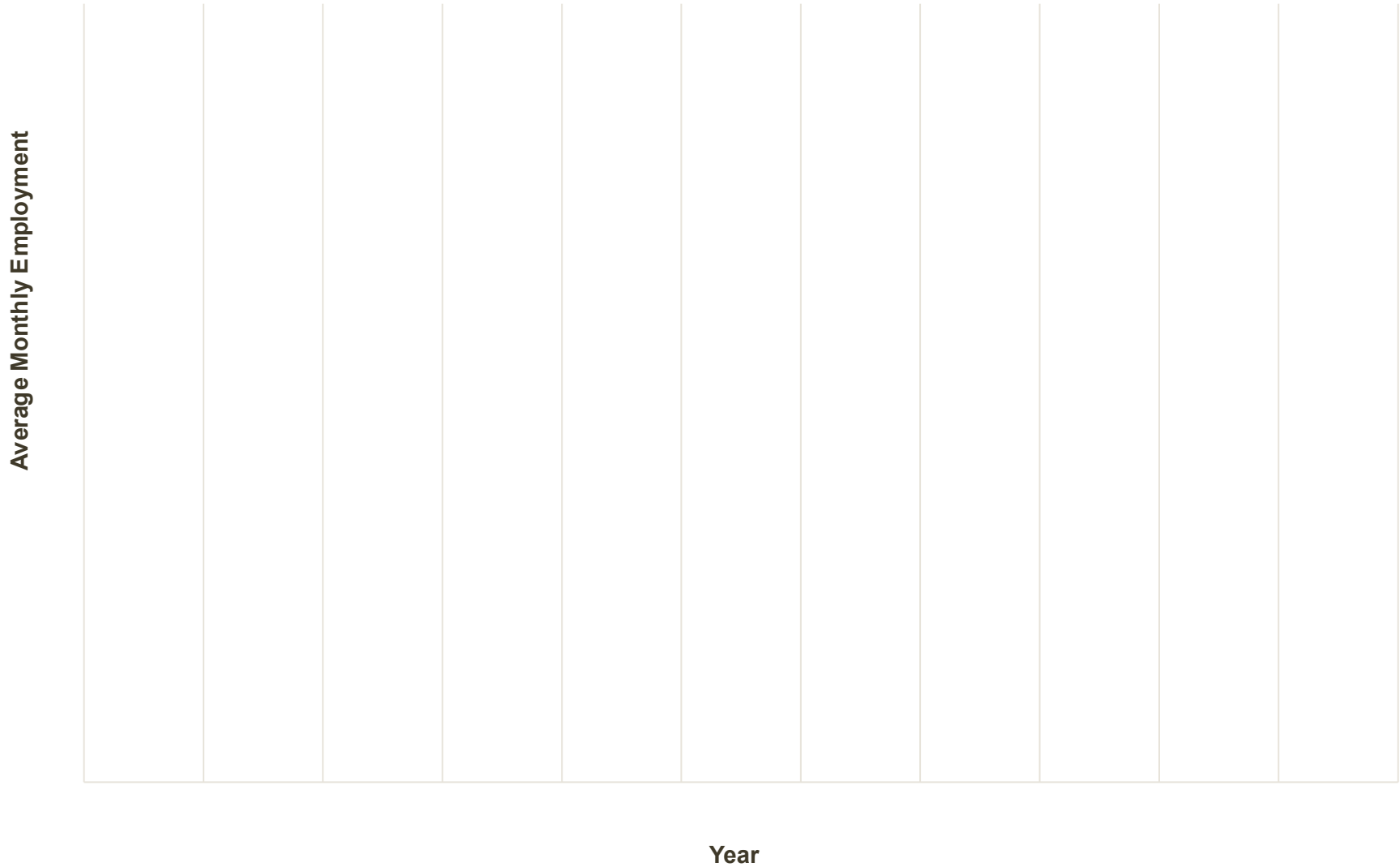


Town of Halifax: Employment

Town of Halifax
Average Monthly Private Industry Establishments
Number of Private Industry Establishments
2001-2014: III

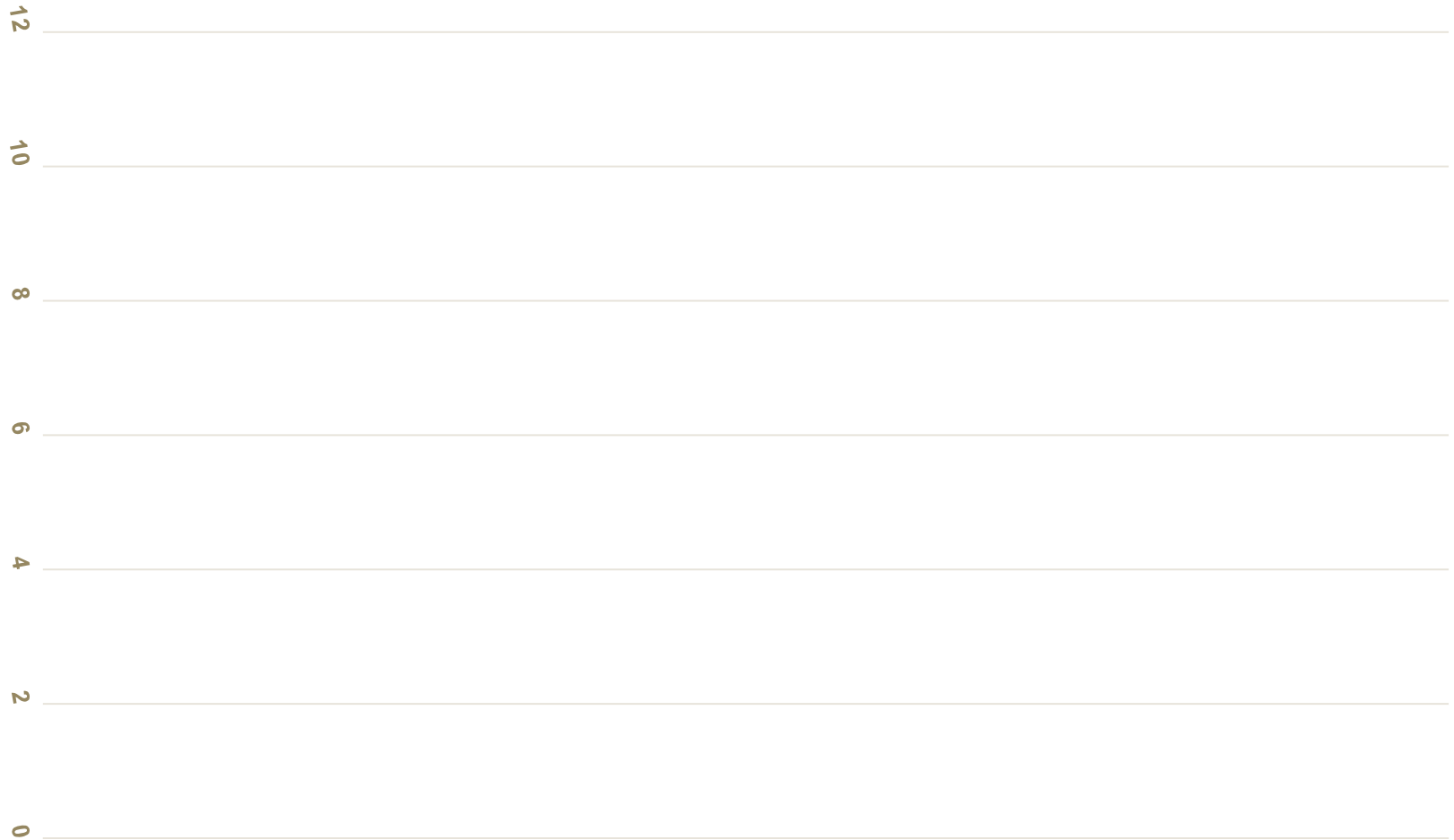


Town of Halifax Average Monthly Employment (Private Industry) 2001-2014: III

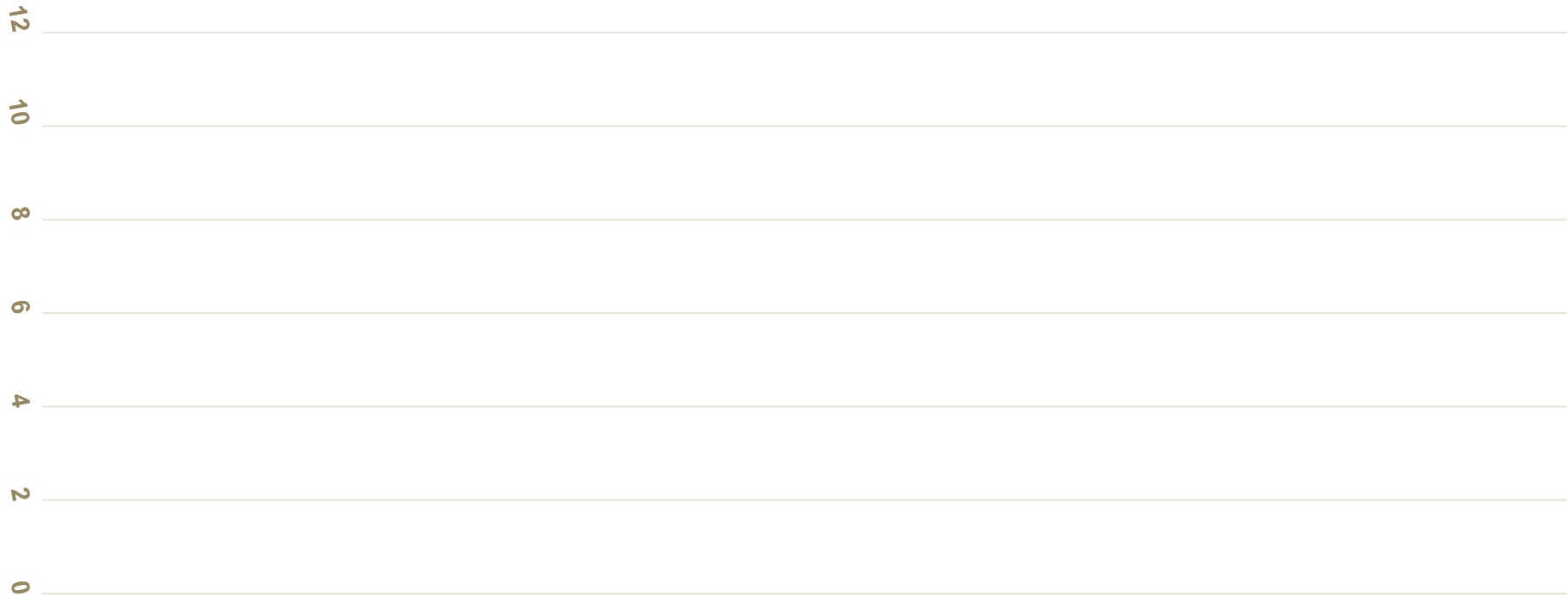




Town of Halifax Number of Private Establishments by Industry 2014



Town of Halifax Number of Employees by Industry 2014



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



Northeastern University
Dukakis Center For Urban and Regional Policy

NATIONAL
LEAGUE
of CITIES | CENTER
FOR RESEARCH
& INNOVATION

Economic Development

Overview

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



Local Communities on their

Own

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



States in Crisis

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



Local Economic Development

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



Be the CEO for Economic Development

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



Fundamental Proposition

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



Development of EDSAT

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



NAIOP/CoreNET Sample

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



Deal-Breakers Overview

DEAL-BREAKERS



CITY SELF-ASSESSMENT



CITY ACTION



DEAL-MAKERS



Deal-Breakers, continued

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



NAIOP / CoreNet Survey

Categories

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



The Self-Assessment Tool

The self-assessment tool consists of ten sections:

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

(EDSAT)



Key EDSAT Results for Halifax

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

Halifax's Strengths and "Deal-Makers"

Strengths Among *Very Important* Location Factors:

TRAFFIC: Halifax's roadways are typically uncongested during weekday rush hours, and on average, commuter speed is higher than the CGM.



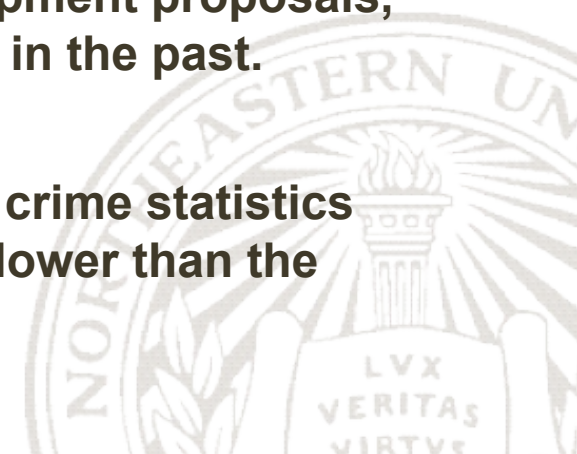
Halifax's Strength's Among *Important* Location Factors:

PHYSICAL ATTRACTIVENESS: Halifax has more acreage within its jurisdiction reserved for parks than the comparison group, and a smaller percentage of acreage is currently vacant.

PREDICTABLE PERMITS: Halifax allows for a single presentation of a development proposal to all review boards and commissions with relevant permit authority.

CITIZEN PARTICIPATION IN THE REVIEW PROCESS: Abutter or neighborhood opposition groups rarely deter development proposals, partly because officials from Halifax have intervened in the past.

CRIME: While burglary in Halifax remains high, most crime statistics (auto theft, robbery, and homicide) are considerably lower than the CGM.



Halifax's Strength's Among *Important* Location Factors (cont'd)

HOUSING: The homeownership rate in Halifax is slightly higher than the CGM, and the current vacancy rate is lower, at less than 3 percent.

LOCAL SCHOOLS: Halifax students fare well in state mandated assessments: 81 percent or more of your jurisdiction's students score proficient or higher in both English and Mathematics. All students in the Halifax school system graduated from high school last year.

STATE BUSINESS INCENTIVES: Like all Massachusetts communities, Halifax is eligible for a comparatively wide range of state incentives, such as investment tax credits, job training tax credits, research and development tax credits, loan guarantees, and workforce training grants.



Halifax's Strengths Among *Less Important* Location Factors:

RAIL: The availability of commuter rail service is an asset to your town in attracting commuters and professionals looking to access jobs and services in the Greater Boston area. It also enhances Halifax's eligibility for some state grants.

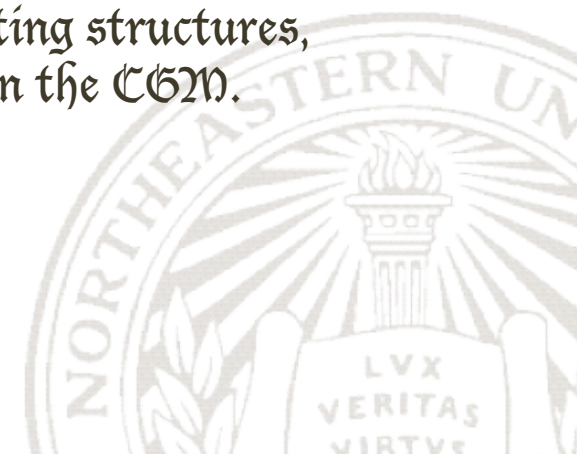


Weaknesses and “Deal-

Halifax’s Weaknesses Among Very Important Location Factors: Breakers” :

INFRASTRUCTURE: Halifax currently has unreliable sewer, wastewater treatment, natural gas, and fiber optic / cable / DSL services. In addition, the average retail cost for residential, commercial, and industrial electricity in your town is much higher than your peers’.

TIMELINESS OF APPROVALS: The time required from application to completion of the review process for new site plans, zoning variances, and appeals takes considerably longer than the CGM. For existing structures, zoning variances and appeals take considerably longer than the CGM.



Halifax's Weaknesses Among *Very Important* Location Factors (cont'd):

RENTS: There is no Class A office space in your jurisdiction, and an excessive quantity of Class C office space. Plus, rents are consistently higher in Halifax than the comparison group.

HIGHWAY ACCESS: Halifax is largely inaccessible via major regional highways, making it difficult for commercial trucks and automotive commuters to reach your community. There are no available sites for retail trade, manufacturing, or general office space that are within two miles of an entrance or exist to a major-access highway.



Halifax's Weaknesses Among *Important* Location Factors:

COMPLEMENTARY / SUPPLEMENTAL BUSINESS SERVICES: Halifax needs a more engaged local chamber of commerce and volunteer economic development committee.

Development Planning: Halifax does not have an up-to-date development strategy, an overall economic development plan, or an economic development plan within its

Halifax's Weaknesses Among *Important* Location
Factors (con't):

SITES AVAILABLE: Halifax does not maintain an active relationship with commercial real estate brokers, developers, or agents with sites in your jurisdiction. Land use regulations do not currently protect land zoned industrial from encroachment by residential or other incompatible uses.

PUBLIC TRANSIT: Less than a quarter



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

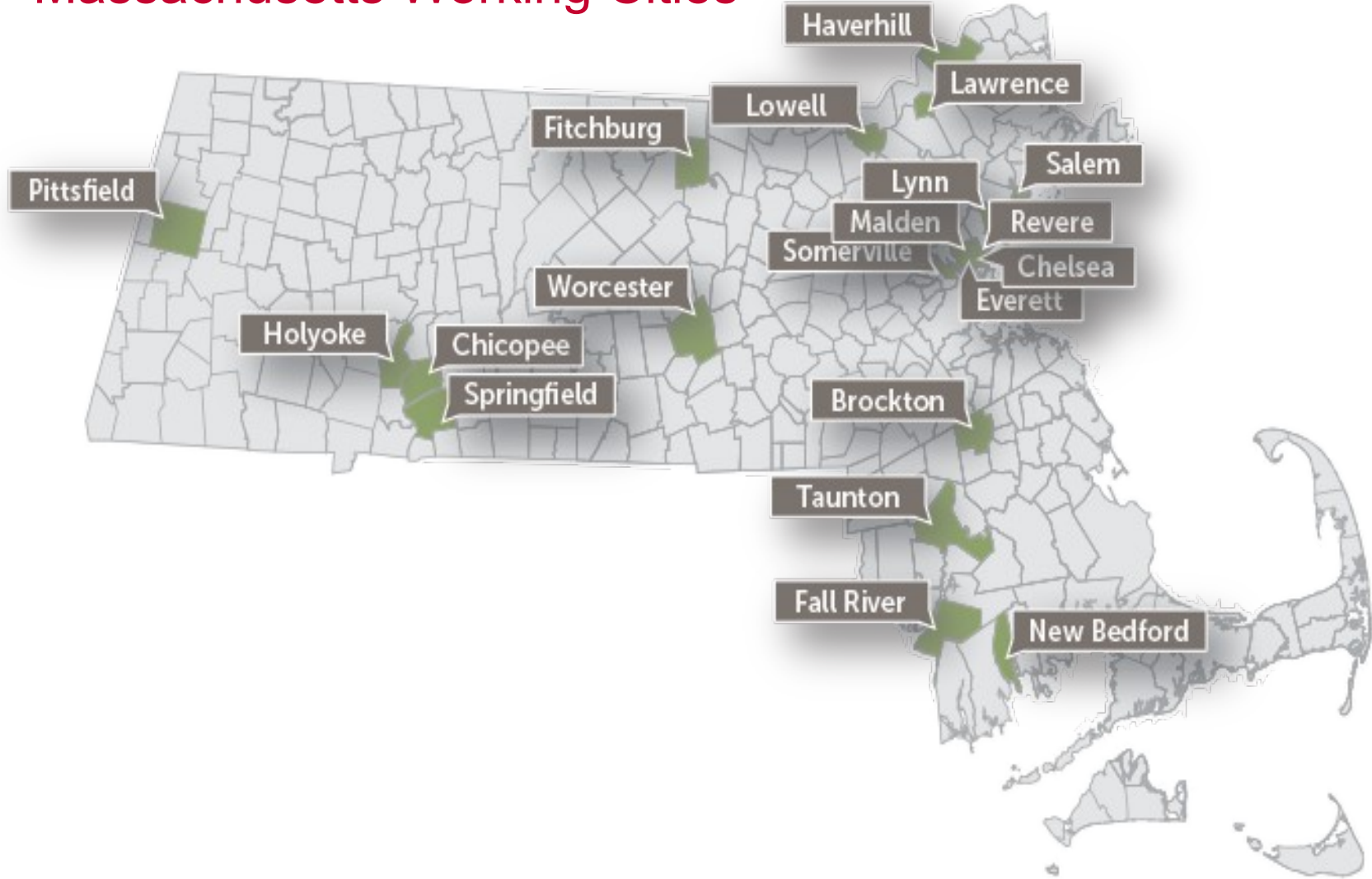
WEBSITE: The town website does not provide permit applications available for download, and it does not list local development policies and procedures or available land and building sites.

PERMITTING OMBUDSMAN: Halifax does not currently have a local official empowered to ensure the efficiency of local permitting processes, and there is



But What Really Matters?

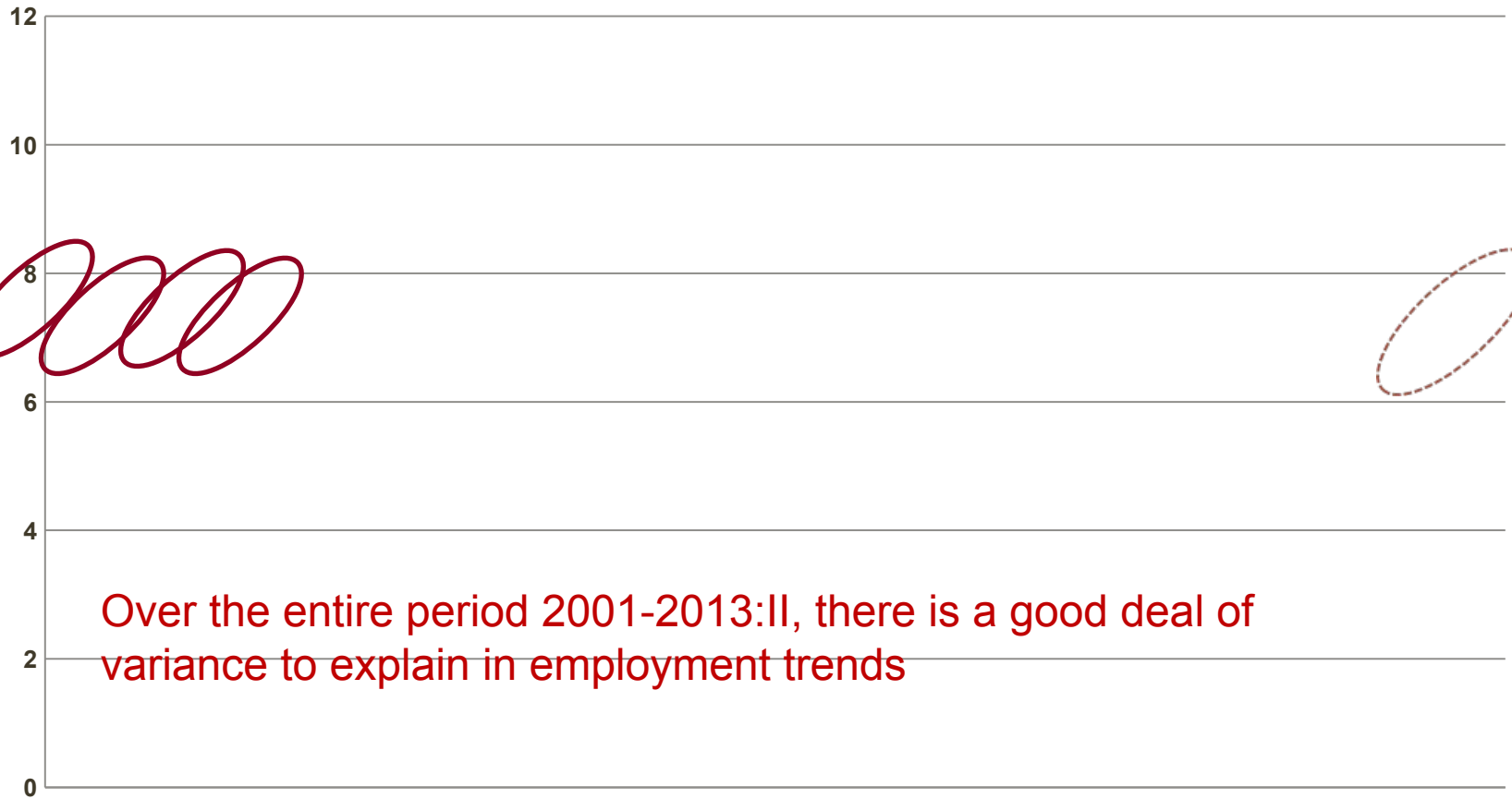
Massachusetts Working Cities





Employment Trends, 2001 - 2013

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



EDSAT Correlation Analysis

What factors are most highly correlated with employment growth?

EDSAT Measures – 26 in All

Highway Access

Parking Availability

Traffic Congestion

Infrastructure Limitations

Commercial/Industrial Rents

Labor Force Skills

Timeliness of Approvals

Public Transit Availability

Physical Attractiveness of Municipality

Complementary Business Services

Critical Mass of Firms – Local Supply Chain Firms

Cross Marketing by Municipality and Business Community

Marketing Follow-up with

Locating/Relocating Firms

Dukakis Center for Urban & Regional Policy ❖ www.northeastern.edu/dukakiscenter

Quality of Available Development

Labor Cost

Formal Economic Development Strategy

Available Development Sites

Predictable Permitting

Fast Track Permitting

Citizen Participation in Development Process

Cultural and Recreational Amenities

Crime Rates

Housing Cost

School Success Measures

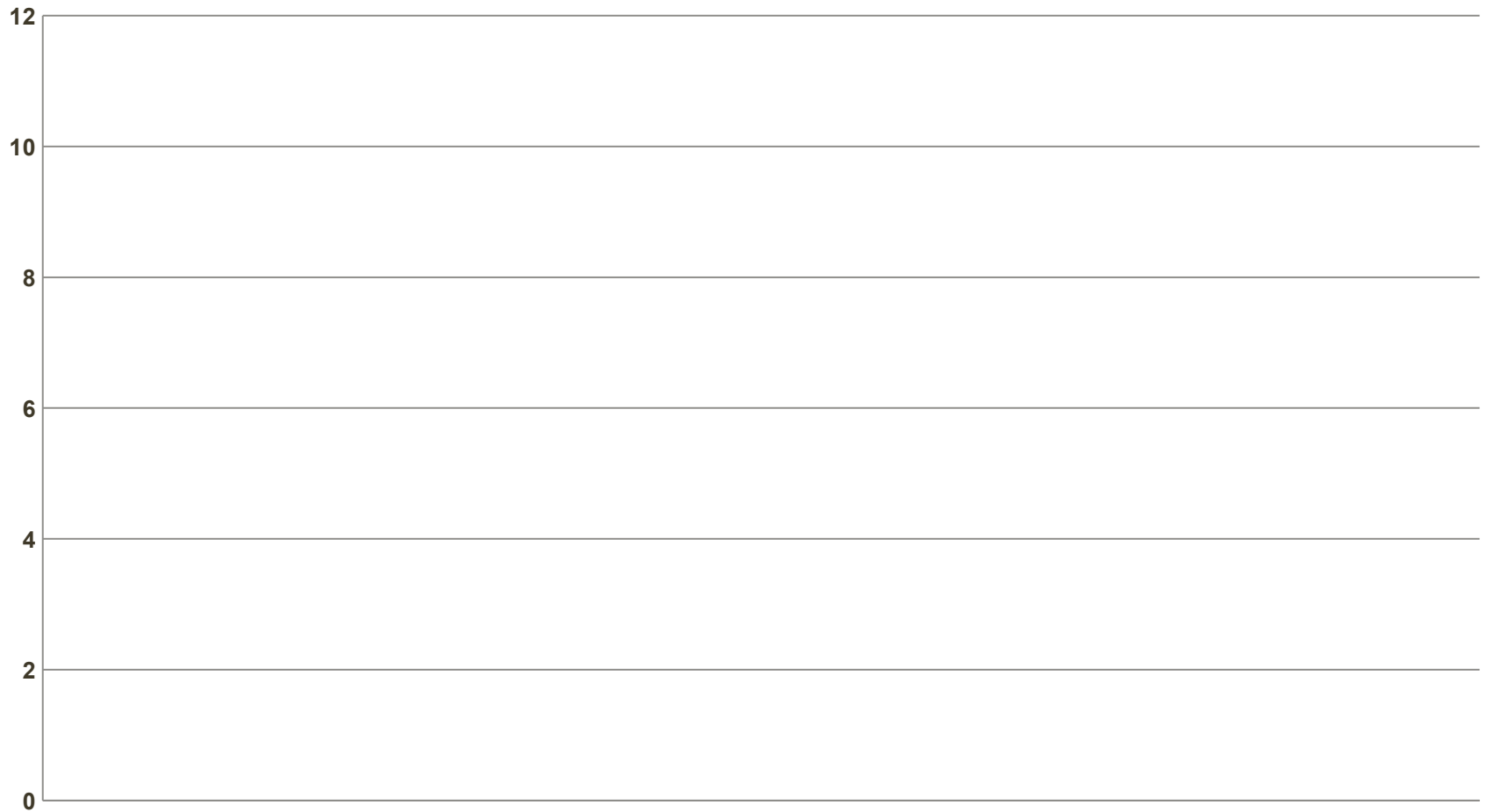
Amenities near Available Development Sites

Local Tax Rate Environment

What Factors are Correlated with Greater Employment Growth?

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

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



Control Variables

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

+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



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



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





Conclusions

Things to Think About

- **Infrastructure** – Halifax’s inadequate sewer and wastewater treatment capacity could be a serious obstacle for midsize and large employers, and the city’s poor telecommunications technology could keep away employers of all sizes.
- **Economic development strategy** – Your town should construct a strong, realistic economic development plan and



Northeastern University
Dukakis Center For Urban and Regional Policy

Thank you!

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

A “Think and Do” Tank