The Gateways Plan: Reinvestment in Core Communities as a Competitive Strategy for Massachusetts

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UMass Dartmouth Urban Initiative
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Investing in Gateways now will make the Commonwealth more competitive in the future:

- Strong urban cores generate economic growth
- Energy and environmental challenges require higher density development
- Massachusetts needs Gateway City human capital
With a long-term view and a serious state partnership, Gateway Cities can raze the barriers to growth, and leverage their assets for revitalization.
Legitimate barriers…

- Older buildings
- Environmental contamination
- Crime
- Untested markets
EOA zones now cover most of the state; there’s no incentive to choose urban areas.
In other states, serious reform efforts are underway to get these zones to work for the communities they were intended to.

- 82 Empire Zones in New York
- 12 Keystone Zones in Pennsylvania
- 42 Enterprise Zones in California
Modern factories require large tracts of land that aren’t available in developed cities.
There are no tools that can draw firms looking to lease office space downtown.
Less affluent communities write lots of TIF agreements.
But on average, the tax breaks they offer generate six times less value.
Gateways Cities account for 35% of all TIF projects, yet they drew less than 15% of private investment captured.
Just 5% of state investment goes toward the geographically targeted incentives that economists say actually work.
27 states maximize public spending with legislation that requires transparency and accountability.

- **Maine**
  *Economic Development Accountability & Return on Investment Act (1998)*

- **Minnesota**
  *Subsidy Reform Law (1995)*

- **New Jersey**
  *Development Subsidy Job Goals Accountability Act (2007)*

- **Rhode Island**
  *Tax Incentive Disclosure & Accountability Act (2008)*
Communities where people want to live are communities where businesses want to locate.
Gateway Cities are home to 60% of neighborhoods with concentrated poverty.

# of Neighborhoods with Poverty Rate over 40%

- Gateway Cities: 86
- Other Communities: 58
In Gateway Cities, concentrated poverty tends to be concentrated right downtown.
State investment has been limited.
Gateway Cities received $87 million from the state’s 3 large capital programs; 20% of total funding.
89% of units in state subsidized Gateway City developments have income restrictions.
Less than 10% of state spending has contributed to homeownership projects in Gateway Cities.
Innovative policies like Chapters 40B and 40R could unintentionally create challenges for older urban areas.
A set of comprehensive steps the state can take to spur commercial and residential reinvestment in Gateway Cities
Target state business incentives and tax tools.

- A small number of zones for areas with real opportunities and real barriers

- Restrict DIF, TIF, and Chapter 40T to areas where it makes sense to encourage development
Give economic developers powerful and flexible tools.

- Create differentials between in-zone and out-of-zone locations

- Encourage job growth with hiring credits
  - NJ - $1,500 tax credit for each new full-time employee meeting residency requirement;
  - NY - $1,500 per employee up to 5 years; $3,000 per employee in targeted group; + $500 for workers with wages over $40,000.
  - CT – 10 year 25% credit for business in EZ; 50% credit if 30% of hires live in zone
  - RI - $2,500 per employee out-of-zone; $5,000 in-zone. Only for new employees for businesses that increase employment by 5%.
Invest state housing resources for neighborhood revitalization.

- Administer separate funding pool to address neighborhood revitalization

- Within these neighborhood revitalization areas, ensure state resources lead to mixed-income communities
Preserve and enhance quality of place with historic tax credits.
Promote homeownership with historic tax credits.
Promote homeownership with mortgage credit certificates.
3 state-level actions to create a strong foundation for public investment

1. Develop the vision and organization

1. Build community capacity

1. Maximize resources with transparency and accountability
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