

November, 2001



Center for
Community
Performance
Measurement



WORCESTER
REGIONAL
RESEARCH
BUREAU

Benchmarking Economic Development in Worcester

Welcome...



Dear Citizen,

We are pleased to publish this first report in a series from the Center for Community Performance Measurement (CCPM). The CCPM was established at the Worcester Regional Research Bureau in January 2001, with generous support from the Alfred P. Sloan Foundation, to measure and benchmark municipal and community performance in Worcester in the areas of economic development, municipal and neighborhood services, public education, public safety, and youth services.

It is our hope that these reports will highlight the areas where Worcester is succeeding and where it can improve. The indicators presented here were developed in collaboration with representatives of a wide variety of organizations, as well as public officials, to ensure their relevance to Worcester. The reports also include numerous comparisons to similarly sized communities in New England, particularly Hartford, Providence, and Springfield. In addition, comparisons are made to towns in the Worcester region, including Shrewsbury, Marlborough, Northborough and Westborough.

This report, as well as those in the rest of the series, has been designed to be readable by a broad audience so as to encourage widespread discussions about the future of our community and how performance measures can serve as a basis for making sound public policy. Next year, when we re-release this report with updated information, the community will be able to ask, "What has changed, what have we accomplished, and what challenges are still before us?"

Although these reports are published separately, they should not be considered in isolation from one another. For example, there is a substantial relationship between student academic achievement in our public schools and the kind of workforce needed to enhance economic development opportunities. Similarly, efficient and effective municipal services are important to enhancing Worcester's attractiveness for locating a business. Hence, individual reports should be seen in light of the whole series.

Indicators appearing in this report are also interrelated. The success of Worcester's economic development efforts is not completely illustrated using only one or two of the indicators. For example, the level of new growth in Worcester (Indicator 3: Private Investment) directly impacts the overall tax base (Indicator 1: Commercial and Residential Tax Base). The overall tax base, in turn, affects the tax rate (Indicator 2: Commercial and Residential Tax Rate) because of the revenue generated.

Finally, this report presents the most current data available from a variety of sources. To provide a historical perspective, data from the last five years is presented. In select cases, however, the report uses data from up to 15 years ago to show long-term trends.

Thank you for taking the time to read this important report. We look forward to hearing your comments and suggestions on this project.

Sincerely,

Mark Colborn - President

Roberta R. Schaefer, Ph.D. - Executive Director

Richard H. Beaman - Manager, CCPM



What are Performance Measures?

Performance measurement has been defined as "measurement on a regular basis of the results (outcomes) and efficiency of services or programs¹." Thus performance measures are quantifiable indicators that, when analyzed, determine what a particular program or service is achieving.

Performance measures come in many different forms, including inputs (such as financial resources), outputs (the number of customers served), or outcomes (the quantifiable result of the program). Regardless of their form, performance measures should relate to a particular initiative or strategy of an organization. The measures presented in this report are directly associated with the City's strategic plan. For example, the City's recently released strategic plan for 2001-2006 includes the goal of expanding the municipal tax base and creating jobs. If the City is successful at accomplishing this goal, we should see appreciable change in this report's indicators over time.

¹ Harry Hatry *Performance Measurement: Getting Results* (Washington, D.C.: Urban Institute Press, 1999), 3.

How should these measures be used?

Performance measurement data alone do not explain why a particular measure improved or declined. For this reason, the performance measurement data in this report must be used in conjunction with other information to develop sound public policies. For example, this report presents the total increase in the city's tax base over time. Increase in this amount could be due to activities of other organizations, such as the Worcester Regional Chamber of Commerce. Therefore, additional information to determine the success of the City's efforts could include the amount of the increase that is directly attributable to efforts of the City's economic development office.

It is not our purpose in these reports to provide recommendations for action. Rather, we are presenting the data to stimulate discussion about possible options for improving Worcester's performance. It will be up to the City government, citizens, businesses, and non-profit organizations to ensure that these data are used to promote action that will help Worcester perform better on these various indicators.

Although the reports do not provide specific recommendations, performance measurement data have a direct relevance to policy development. For example, performance data that determine whether a department is improving can be used to justify budget changes. Departments that do not show improvement on their measures can institute targeted program improvements. Performance measurement data that show success can be used to motivate employees.

These data can also be used to set benchmarks, or reference points to which our performance can be compared. For example, one benchmark could be the performance of another community on the same indicator. Alternatively, we can set our own performance goals and compare future achievement to our past performance. The Worcester community will have to determine how this information should be used in order to achieve the highest level of impact.

INDICATOR 1	Commercial & Residential Tax Base	Page	3-4
INDICATOR 2	Commercial & Residential Tax Rate	Page	5-6
INDICATOR 3	Amount of Private Investment	Page	7-8
INDICATOR 4	Job Growth & Unemployment	Page	9-10
INDICATOR 5	Downtown Office Space Occupancy	Page	11-12
INDICATOR 6	Abandoned & Distressed Properties	Page	13-14
INDICATOR 7	Local Permitting Process	Page	15-16

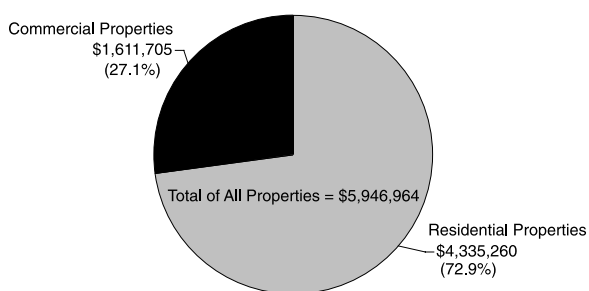


Commercial & Residential Tax Base

Why is it important?

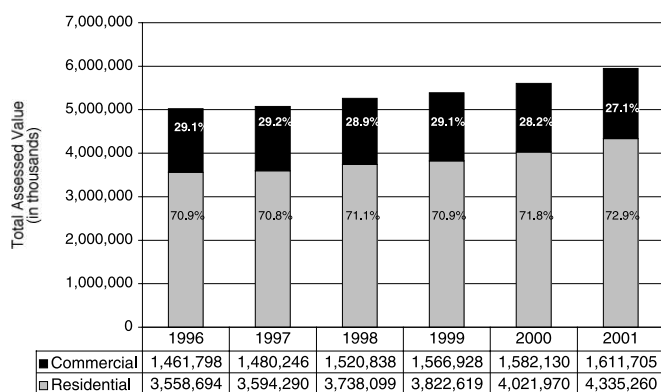
The tax base, or the total assessed value of all commercial and residential properties, is the value of property that is subject to local taxation. The revenue generated from these taxes funds various municipal services and programs. As one economic development text² states, "The strength of the local tax base reflects the health of the local economy. A weak tax base can be an indication of a difficult local economy... On the other hand, a strong tax base may reflect a well-functioning local economy..."

Chart 1-1: Total Assessed Value of All Properties in Worcester, FY01 (thousands of dollars)



Source: City of Worcester, Treasurer's Office
Prepared by: Worcester Regional Research Bureau

Chart 1-2: Worcester's Total Tax Base, FY96-FY01 (thousands of dollars)



Source: City of Worcester, Treasurer's Office
Prepared by: Worcester Regional Research Bureau

How does Worcester perform?

In FY01, Worcester had a tax base of \$5.9 billion for all residential and commercial properties (see **Chart 1-1**). Of this amount, \$4.3 billion (72.9%) was residential and \$1.6 billion (27.1%) was commercial. As shown in **Chart 1-2**, Worcester's overall tax base has increased 18.5% (from \$5.02 billion) since FY96. However, the tax base in FY01 is still \$1.17 billion less than its peak value of \$7.12 billion in FY90.

Proportionally the tax base has changed, as well. As shown in **Chart 1-3**, the commercial and industrial portion of the tax base has decreased from 29.1% in FY96 to 27.1% in FY01, with most of this change occurring after FY99. This change is a continuation of a long-term decrease in the commercial and industrial base of the city. In FY84, the commercial and industrial proportion of the tax base was 35.4%.

As shown in **Chart 1-4**, of the four medium-sized cities in New England, Worcester's tax base in FY00 was second after Hartford³ and greater than that of Springfield and Providence. However, Hartford underwent a real estate revaluation in October 1999, which has reduced the assessed value of properties significantly. That will be reflected in next year's Research Bureau report on economic development. It is possible that Worcester will then have the highest total assessed value of the four cities. As shown in **Chart 1-5**, the tax base distribution for Worcester is similar to the distribution in Springfield. Providence's tax base, however, has a larger commercial percentage.

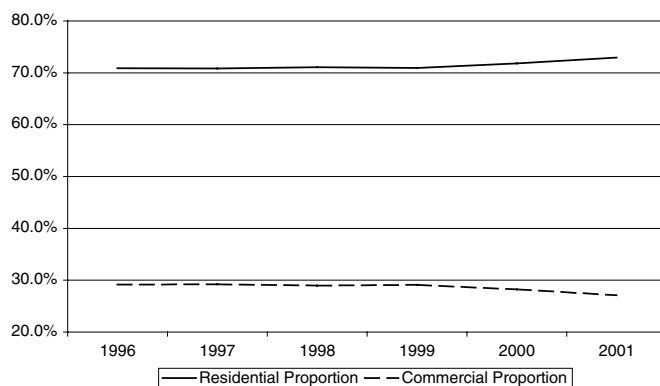
² Norman Walzer, ed., *Local Economic Development: Incentives and International Trends* (Boulder, CO: Westview Press), 84.

³ Hartford assesses property at only 70% of full value. Therefore, the tax base and tax rate information for Hartford presented in this report has been adjusted for comparison purposes.

Benchmarking Economic Development in Worcester



Chart 1-3: Trend in Worcester's Tax Base Distribution, 1996-2001



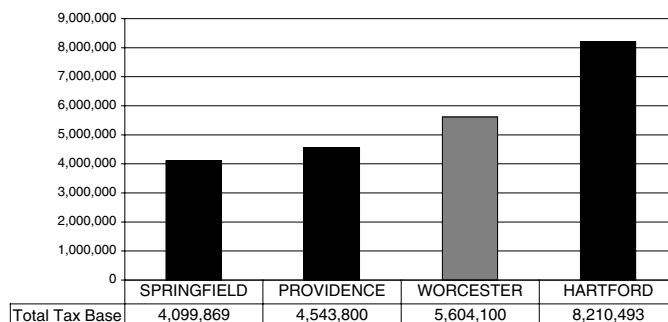
Source: City of Worcester, Assessor's Office
Prepared by: Worcester Regional Research Bureau

What does this mean for Worcester?

Worcester's tax base is important because it generates the revenues to fund municipal services, and the businesses that constitute the tax base provide the jobs for residents in Worcester and the region. As described in Indicator 3: Private Investment, new development will add properties to the tax rolls and increase the overall tax base in the city. Over time, an increasing tax base above and beyond the value of new construction also indicates increased valuation of existing properties. Future reports will indicate whether property values are increasing and whether Worcester is becoming a more attractive location to live and to conduct business.

How can Worcester become a more attractive place to live and conduct business?

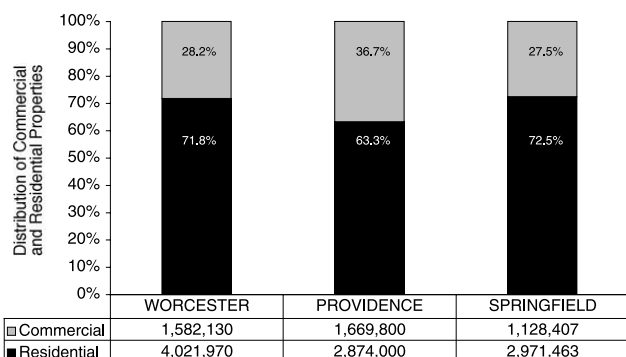
Chart 1-4: Commercial and Residential Tax Base, FY00 (thousands of dollars)



Note: Hartford assesses at 70% of full value. To compare data, Hartford's total assessed value has been adjusted accordingly.

Source: Massachusetts Department of Revenue; Rhode Island Public Expenditure Council; City of Hartford
Prepared by: Worcester Regional Research Bureau

Chart 1-5: Tax Base Distribution, FY00



Source: Massachusetts Department of Revenue; Rhode Island Public Expenditure Council
Prepared by: Worcester Regional Research Bureau



Commercial & Residential Tax Rate

Why is it important?

Businesses looking to relocate or expand existing offices take into consideration a number of conditions that affect the cost of doing business in a particular community, including the property tax rate. The tax rate is the dollar amount of taxes per \$1,000 of assessed value. For example, a property that is valued at \$100,000 in a community with a tax rate of \$34.24 has an annual property tax of \$3,424.

Property taxes, however, are not the only condition that businesses take into account when choosing a location. Other conditions include the labor supply for the particular business, wage rates, energy costs, the cost of housing, and educational opportunities. Nonetheless, lower commercial tax rates do have the potential to "swing" businesses to one community over another. A further indication of the importance of the tax rate is the current popularity of various tax incentives, such as tax increment financing (TIFs) that combine tax abatements over a number of years with a guarantee that the company granted the tax abatement will create a certain number of jobs.

Property taxes also affect the level of municipal services, since they provide a major funding source for these services. The quality and quantity of municipal services will in turn affect business and homeowner location decisions.

For example, according to real estate brokers, the quality of the public schools is the single most important factor for families with school-age children in determining the community in which to buy a home.

How does Worcester perform?

Under state law, towns and cities have the option to adopt classification of the tax rate. If adopted, different classifications of property (residential and commercial) are taxed at different rates, thereby shifting more of the tax burden away from residential property owners and on to commercial and industrial property owners. If the locality does not adopt classification, there is a single tax rate for all properties.

As shown in **Chart 2-1**, Worcester has adopted classification and currently has a commercial tax rate of \$34.24 per \$1,000 of assessed value. The commercial tax rate rose steadily from 1995 to 1998 (from \$34.50 to \$37.63). After 1998, the rate began to drop to its current level of \$34.24 (a reduction of 9% since 1998).

The residential tax rate is currently \$18.47 per \$1,000 of assessed value. The residential rate rose from 1995 until 1997 (\$16.32 to \$18.67) and has remained fairly steady since 1997 (**Chart 2-1**).

Chart 2-2: Worcester's Tax Rate Compared to Other Communities

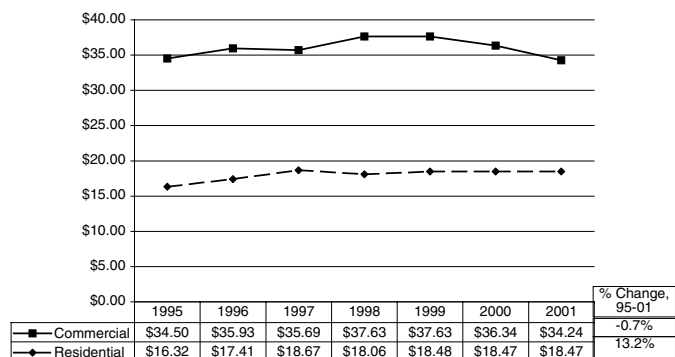
City	Total Tax Base, 2001 (thousands of dollars)	Average Commercial Tax Rate, 1995-2000	Tax Rate Compared to Worcester	Value of New Growth, 2001 (thousands of dollars)	Growth as % of Total Tax Base
Worcester	\$5,946,964	\$36.29		\$118,565	1.99%
Marlborough	\$2,941,402	\$29.56	18.5% less	\$99,623	3.39%
Shrewsbury	\$2,588,280	\$13.62*	62.5% less	\$106,398	4.11%
Westborough	\$2,150,291	\$16.11*	55.6% less	\$77,658	3.61%
Fitchburg	\$1,962,759	\$23.92	34.0% less	\$24,657	1.26%
Northborough	\$1,323,616	\$16.25*	55.2% less	\$36,239	2.74%
Leominster	\$1,278,038	\$16.75	53.8% less	\$46,538	3.64%

* Westborough, Northborough, Shrewsbury and Leominster have a single tax rate.

Source: Massachusetts Department of Revenue
Prepared by: Worcester Regional Research Bureau



Chart 2-1: Worcester's Residential and Commercial Tax Rate, 1995-2001

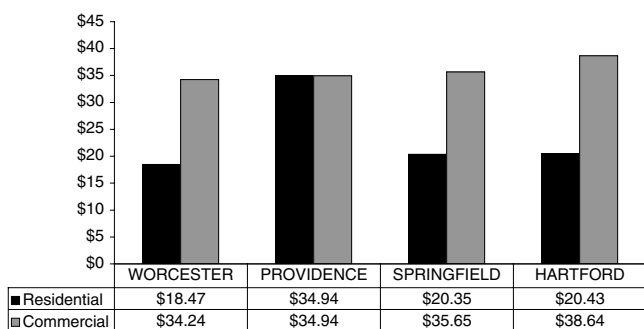


Source: City of Worcester Comprehensive Annual Financial Report, FY01
Prepared by: Worcester Regional Research Bureau

What does this mean for Worcester?

The commercial tax rate has been reduced by 9% over the last three years. Although there has not been an appreciable increase in commercial development in the city during that period, property values have appreciated, thereby increasing the overall cost of doing business. When looking to relocate or expand, businesses consider communities with lower costs of doing business including, among other factors, local property values and associated tax rates.

Chart 2-3: Commercial and Residential Tax Rate, 2001

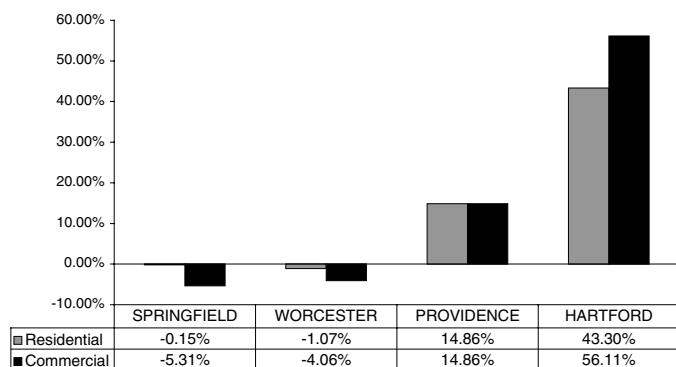


Note: Hartford assesses property at only 70% of full value, and therefore taxes only 70% of the value of property. Hartford's tax rate has thus been adjusted for comparability purposes.

Source: Massachusetts Department of Revenue; City of Providence; City of Hartford
Prepared by: Worcester Regional Research Bureau

*Communities in the region with lower tax rates have generally seen more development in light of their smaller tax bases (see **Chart 2-2**). For example, Shrewsbury, which has a total tax base in 2001 of \$2.6 billion (more than \$3 billion less than Worcester) and one of the lowest average tax rates in the area (\$13.62), had new growth in 2001 totaling \$106 million, only \$12 million less than Worcester's growth. Therefore, these much smaller communities are having development that is proportionately much greater than Worcester's.*

Chart 2-4: Percent Change in Commercial and Residential Tax Rate, 1997-2001



Source: Massachusetts Department of Revenue; Rhode Island Public Expenditure Council; City of Hartford
Prepared by: Worcester Regional Research Bureau

*Even though Worcester's commercial tax rate is above those in nearby communities, the residential and commercial tax rates are below those in the comparable cities of Providence, Springfield and Hartford, as shown in **Chart 2-3**. While Worcester's tax rates have decreased since 1997, tax rates in Providence and Hartford have increased, as indicated in **Chart 2-4**.*



3

Amount of Private Investment

Why is it important?

Growth in the City's tax base is partially due to new growth and construction. As shown in Indicator 1: Commercial and Residential Tax Base, Worcester's overall tax base grew 18.5% since 1996. This indicator elaborates that statistic by highlighting the amount of this increase due to new growth and construction. New growth obviously indicates a vibrant community that is able to attract new development, increase its tax base, and create new jobs.

How does Worcester perform?

Between FY95 and FY00, Worcester had an average annual value of new growth of \$70,068,039.

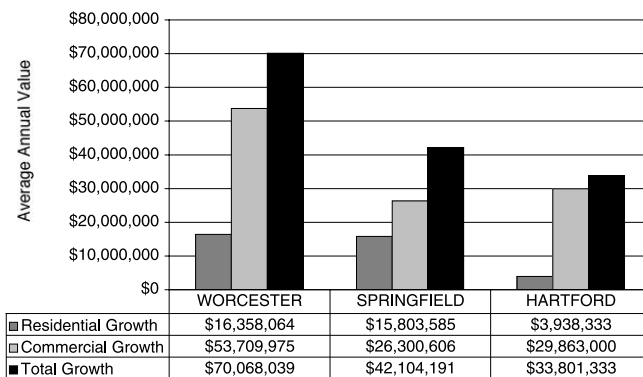
On average, \$16.4 million (23.3%) was residential and \$53.7 million (76.7%) was commercial.

In FY01, Worcester performed better than this six-year average, with new growth valued at a total of \$118,564,730 (\$38.1 million for residential and \$80.5 million for commercial).

As shown in **Chart 3-1**, between FY95 and FY00 the average annual value of new growth in Worcester was above that of Springfield (\$42.1 million) and Hartford (\$33.8 million). Comparable statistics for Providence are not available, but unofficial surveys completed by the Rhode Island Economic Development Corporation show that the average value of new commercial growth from 1995-2000 was \$95,904,518⁴.

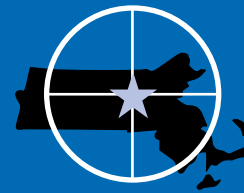
Worcester's new growth from FY95 to FY00 totaled \$539 million and outpaced other communities in the region, as shown in **Chart 3-2**. However, because these other communities have smaller overall tax bases, their growth was proportionately higher than Worcester's average annual growth rate of 1.43%, as also shown in **Chart 3-2**.

Chart 3-1: Average Annual Value of New Residential and Commercial Growth, 1995-2000



Source: Commonwealth of Massachusetts, Department of Revenue; City of Hartford, Assessor's Office
Prepared by: Worcester Regional Research Bureau

⁴ Providence's high average may be due to a large construction project completed in 1997, resulting in an annual value of new growth of \$435.2 million. Not including that year, the average for 1995-2000 drops to \$25.5 million, which is below Worcester's average.

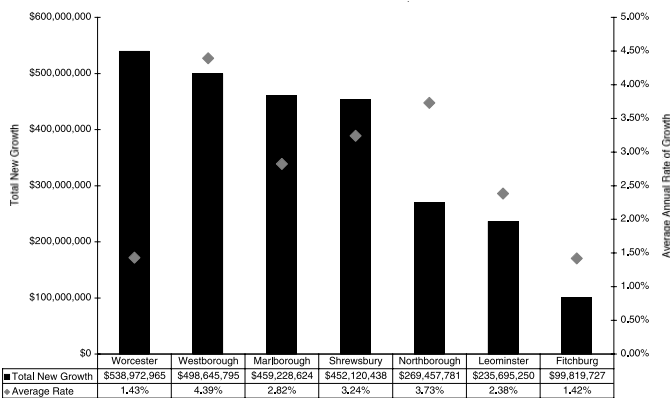


What does this mean for Worcester?

Proportionately, growth is shifting toward residential rather than commercial development, indicating that Worcester may become a "bedroom community" of metro-Boston commuters (see also Indicator 1: Commercial and Residential Tax Base). For example, between FY95 and FY98, the residential proportion of new growth remained between 15.7% and 21.3%. However, in FY99 it was 22.3%, in FY00 it was 40%, and in FY01 it was 32.1% (see **Chart 3-3**). Future Research Bureau economic development reports will determine if this trend continues along with other indicators to show if Worcester continues to become a largely residential community and to lose its commercial and industrial base. As well, future reports will show whether the recent weakening of the national economy will have an effect on the level of investment in Worcester.

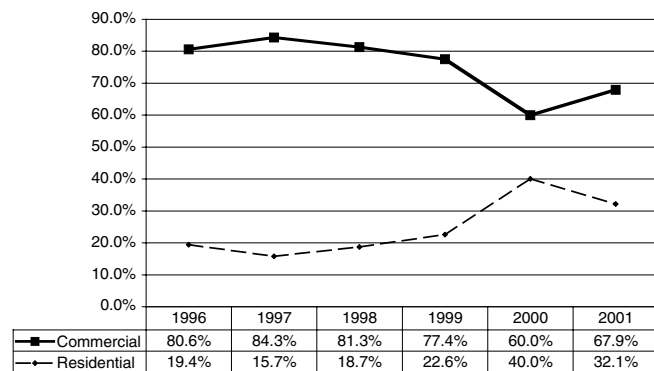
Is Worcester becoming a "bedroom-community" of Metro-Boston commuters?

Chart 3-2: Total New Growth and Average Annual Rate of New Growth, FY95-01



Source: Massachusetts Department of Revenue, Division of Local Services
Prepared by: Worcester Regional Research Bureau

Chart 3-3: Distribution of New Growth in Worcester, 1996-2001



Source: Massachusetts Department of Revenue
Prepared by: Worcester Regional Research Bureau

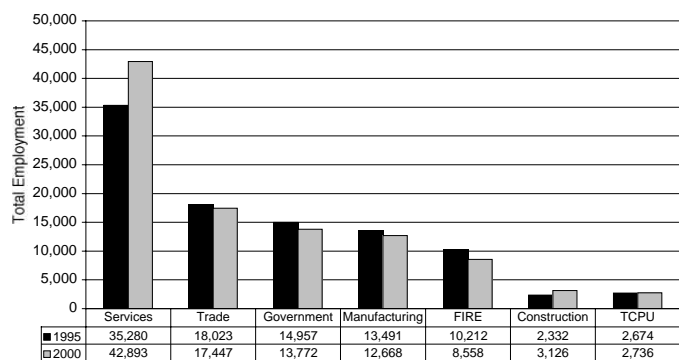


4 Job Growth & Unemployment

Why is it important?

Strong and steady growth in the number of jobs over time indicates a healthy economy. Slow job growth and high unemployment relative to other communities are signs of a poorly performing economy, and can result in further unwillingness to invest. For companies to relocate or expand offices in Worcester, they must have access to well-qualified and appropriately trained employees.

Chart 4-1: Worcester's Total Employment by Category, 1995 and 2000



Source: Commonwealth of Massachusetts, Department of Employment and Training
Prepared by: Worcester Regional Research Bureau

FIRE = Finance, Insurance and Real Estate
TCPU = Transportation, Communications and Public Utilities

DEFINITIONS

SERVICES: Hotels; personal services; business services; automotive repair; motion pictures; amusement and recreation services; health services; legal services; educational services; social services; museums; membership organizations; engineering, accounting, research, management, and related services.

TRADE: Wholesale durable and non-durable goods; building materials, hardware, and garden supplies; general merchandise stores; food stores; automotive dealers; apparel stores; home furniture and furnishings; eating and drinking places; miscellaneous retail.

FINANCE, INSURANCE and REAL ESTATE (FIRE): Depository institutions; non-depository credit institutions; security and commodity brokers; insurance carriers; insurance agents, brokers, and service; real estate; holding and other investment offices.

How does Worcester perform?

During the calendar year 2000, Worcester had an average employment of 101,200⁵. As shown in **Chart 4-1**, the largest sector in Worcester is the services sector, representing an average of 42,893 (42.4%) jobs. Trade is the second largest sector, representing 17,447 (17.2%) jobs.

As shown in **Chart 4-2**, between 1995 and 2000 the number of jobs in Worcester grew 4.36%, while Springfield outpaced Worcester at 4.81%, and jobs in Hartford grew by only 2.13%⁶. As **Chart 4-3** indicates, Worcester's growth has primarily been in construction and services⁷. Interestingly, while Hartford and Springfield both saw growth in finance, insurance and real estate, Worcester lost over 16% of all jobs in those categories during the same time period.

As shown in **Chart 4-4**, Worcester's unemployment rate has remained below Hartford's and Springfield's. In 2000, Worcester's rate was 3.3%, while Springfield and Hartford had rates of 4.4% and 4.8%, respectively. Although Worcester's unemployment rate is low compared to these similar communities, it remains above the statewide rate (2.6% in 2000). However, unemployment in Worcester and nationwide has begun to increase. From January 2001 to August 2001, Worcester's rate increased from 3.5% to 5.2%. Future economic development reports will determine whether this trend continues.

⁵ Bureau of Labor Statistics, ES-202 data, based on the number of jobs within city limits held by either residents or non-residents of the locality. www.bls.gov

⁶ Comparable data for Providence is unavailable because the State of Rhode Island only reports job growth information from the same series of data based on metropolitan region, rather than individual city.

⁷ All classifications and categories defined by the Bureau of Labor Statistics in accordance with the *Standard Industrial Classification Manual*.

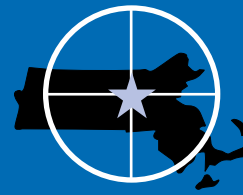
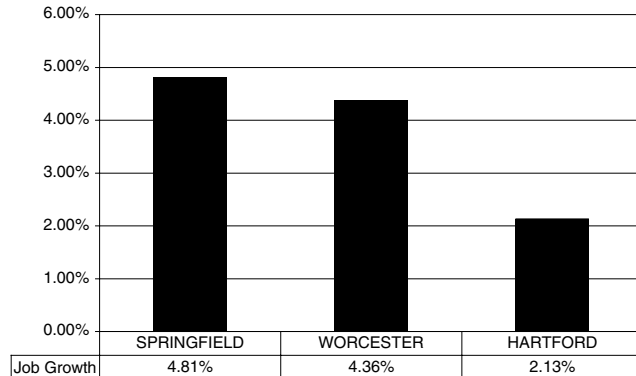


Chart 4-2: Job Growth, 1995-2000



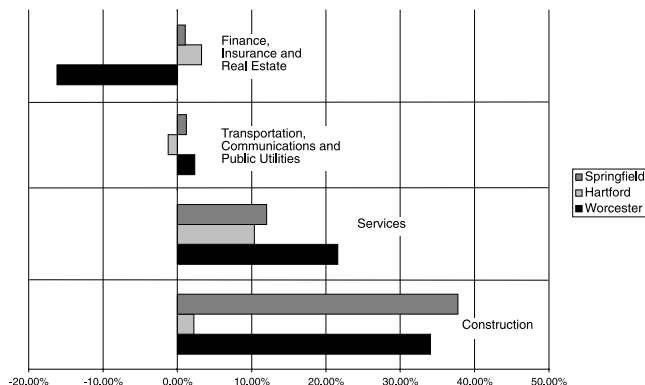
Source: Massachusetts Department of Employment and Training; Connecticut Department of Labor
Prepared by: Worcester Regional Research Bureau

What does this mean for Worcester?

The low unemployment rate in Worcester and statewide indicates a strong and healthy economy. At the same time, this low rate may also signify a shortage of potential employees for businesses wishing to relocate. In a tight labor market such as what has existed until recently, education and training for those who remain unemployed is very important to economic development efforts.

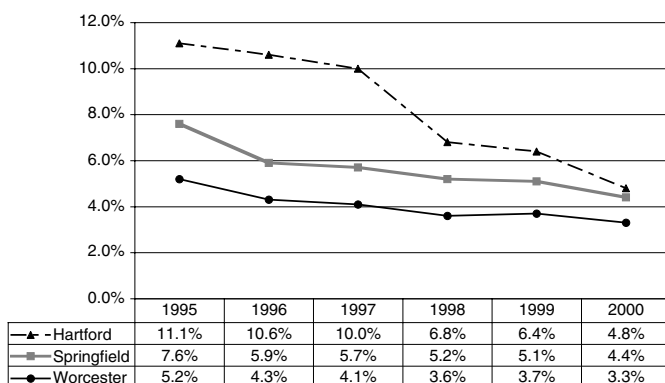
*Over the last five years, Worcester's economy has become more dependent on the services sector. As shown in **Chart 4-1**, this sector has seen the largest increase (7,613) in the total number of jobs since 1995. While many cities have seen similar increases in the services sector, a strong, sustainable economy should have a well-distributed employment base across all industries.*

Chart 4-3: Growth or Decline in Employment Categories, 1995-2000



Source: MA Department of Employment and Training; CT Department of Labor
Prepared by: Worcester Regional Research Bureau

Chart 4-4: Unemployment Rate, 1995-2000



Source: Massachusetts Department of Employment and Training; Connecticut Department of Labor
Prepared by: Worcester Regional Research Bureau



5

Downtown Office Space Occupancy

Why is it important?

A high occupancy rate in a downtown area indicates a strong business and retail economy in the central area of a city, whereas a low occupancy rate (high vacancy) indicates weakness in attracting businesses to the downtown core. A low occupancy rate can also be due to a lack of appropriate office space for businesses wishing to relocate, such as older buildings that have not been renovated, or space that is too large or too small for particular businesses. High occupancy rates for office space in downtown areas result in more employees and therefore higher demand for related amenities, such as restaurants, convenience stores, and retail shops, thereby leading to additional development.

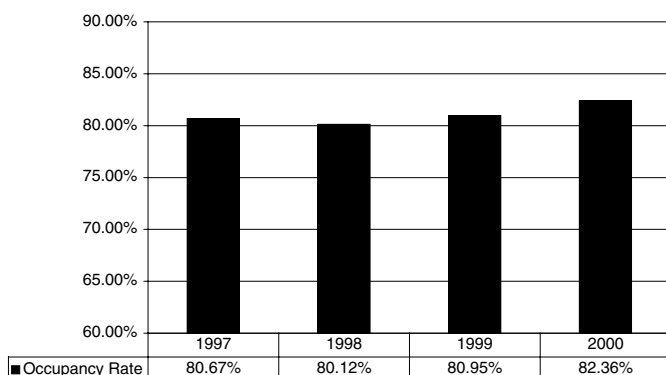
How does Worcester perform?

Downtown Worcester,⁸ according to annual surveys conducted by the Worcester Regional Chamber of Commerce, has had a relatively stable occupancy rate around 80% since the annual survey was begun in 1997, as shown in **Chart 5-1**. Although the occupancy rate increased slightly from 1999 to 2000, the increase was primarily due to the loss in the total square feet of available space rather than a surge in rental. As shown in **Chart 5-2**, the total square feet of occupied space decreased by 194,624 square feet between 1997 and 1999, but increased by 66,638 square feet from 1999 to 2000.





**Chart 5-1: Downtown Office Space
Occupancy Rate, 1997-2000**



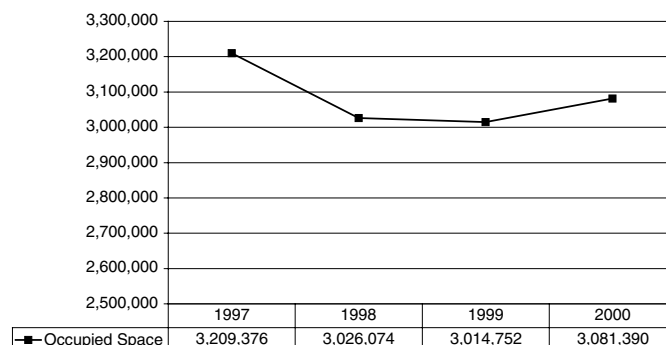
Source: Worcester Regional Chamber of Commerce
Prepared by: Worcester Regional Research Bureau

What does this mean for Worcester?

Worcester's occupancy rate is higher than Hartford's but considerably lower than that of Boston and Providence. Boston's occupancy rate in 2000 was 97.9%, one of the highest downtown occupancy rates in the country.⁹ Providence had an occupancy rate of 89% while Hartford had a rate of 80.9% in 2000¹⁰ (figures for Springfield were unavailable).

Ideally, the total square feet of occupied space as well as the occupancy rate would increase from year to year, indicating growing economic health of the downtown core. From 1999 to 2000, Worcester experienced this situation. Future reports will determine whether this continues.

**Chart 5-2: Total Square Feet of
Occupied Downtown Office Space, 1997-2000**



Source: Worcester Regional Chamber of Commerce
Prepared by: Worcester Regional Research Bureau

⁸ Downtown Worcester is the central business district (CBD), as defined by census tract boundaries.

⁹ According to a private market analysis conducted by the Stevens Group, a Boston-based commercial real estate corporation. www.stevegroup.com

¹⁰ C.B. Richard Ellis, "New England Market Outlook 2001." www.cbrichardellis.com

6

Abandoned and Distressed Properties

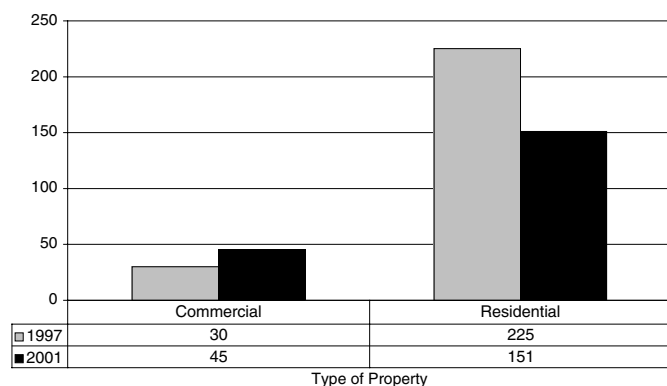
Why is it important?

In its 1997 report *"Distressed Property in Worcester: The Problems and the Options,"* the Research Bureau identified the deleterious consequences of abandoned properties, including neighborhood destabilization, economic costs, fire safety, drug and crime problems, dumping of trash, and rodent infestation. The concerns about vacant structures within the city have intensified since the tragic fire that killed six Worcester firefighters at a vacant warehouse in 1999.

How does Worcester perform?

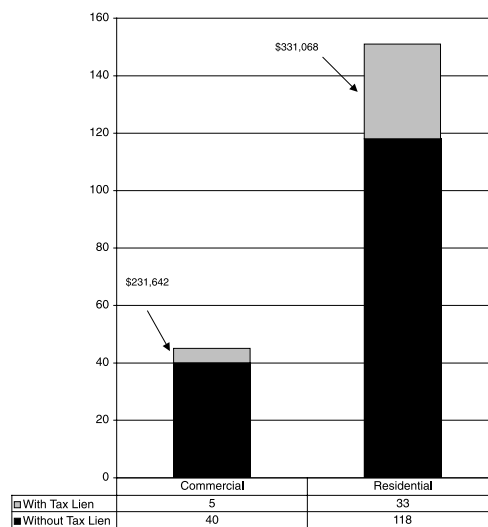
This year the City of Worcester established a database system for tracking all commercial and residential vacant buildings. Housed at the Department of Public Health and Code Enforcement, the database provides a means of communication and coordination among departments that share responsibility for vacant properties, including the Fire Department, Police Department, and the Department of Health and Code Enforcement.

Chart 6-1: Number of Vacant Structures, 1997-2001

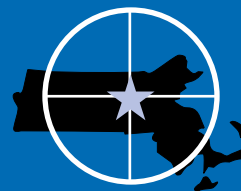


Source: City of Worcester, Department of Public Health and Code Enforcement
Prepared by: Worcester Regional Research Bureau

Chart 6-2: Vacant Properties With and Without Tax Liens



Source: City of Worcester, Department of Health and Code Enforcement, Treasurer's Office
Prepared by: Worcester Regional Research Bureau



What does this mean for Worcester?

In its 1997 report, the Research Bureau reported that approximately 225 residential and 30 commercial buildings were vacant. According to the new City database and as shown in **Chart 6-1**, as of August 13, 2001, there were 45 commercial (15 more than in 1997) and 151 residential (74 fewer than in 1997) vacant structures.

Since some of the current 196 vacant structures are under renovation and will most likely be reoccupied in the future, one method to determine whether owners have abandoned their properties is an analysis of property tax payments. If owners pay taxes on time, they most likely see some value in keeping the property and may be considering renovations and rental. If owners are delinquent in paying property taxes, they may have completely abandoned the property. As of July 1, 2001, tax liens (excluding interest) totaled \$231,642 on 5 vacant commercial properties (as shown in **Chart 6-2**). Tax liens totaled \$331,068 on 33 vacant residential properties. The City of Worcester, however, is in the process of utilizing provisions of the M.G.L., Chapter 58, Section 8 (allowing the City to grant tax abatements for residential properties to encourage their rehabilitation) on four of the 33 vacant residential properties. Therefore, not including those properties that are in the Chapter 58, Section 8 process, tax liens on vacant commercial and residential properties total \$462,777.

As well, there are 12 residential and 4 commercial properties that currently owe taxes for FY01. If these taxes are not paid by February 2002, the City will place liens against these properties. As of July 1, 2001, a total of \$25,509 in FY01 taxes were owed on these 16 properties.

Worcester will need to determine how to promote the rehabilitation and productive reuse of these buildings. Future reports will include the number of vacant properties appearing in this year's report that have been adapted for reuse. Over time, it is hoped that the number of vacant properties will decrease.

A report issued on November 21, 2000, by the City Manager's Community Task Force on Vacant and Abandoned Buildings, lists 26 recommendations to secure and reduce hazards in currently vacant buildings and to encourage their rehabilitation. For example, one recommendation stated, "It should be the intention of the city to give every option and incentive to property owners, or potential developers of a property, to rehabilitate these buildings into productive reuse. " Regarding tax abatements, the report requested that "The city council adopt the recommendation of the city manager that allows a tax abatement of up to 75% of the unpaid tax, assessments, rates or charges and any interest thereon or costs relative thereto on vacant/abandoned residential of six units or less which are proposed to be rehabilitated into six units or less of residential property. " The city council has adopted this recommendation and, as described above, the City is beginning to utilize this provision of the Massachusetts General Laws.

The increased number of commercial and industrial vacant properties over the last four years may be a sign of a weakening commercial and industrial base in Worcester. A further indication of this trend is the shrinking proportion of the tax base that derives from commercial and industrial properties (see Indicator 1: Commercial and Residential Tax Base).



7

Local Permitting Process

Why is it important?

The City's business permitting process is one indicator of how easy it is to conduct business in Worcester. Communities that have user-friendly processes will be better positioned to attract and promote development. Cities with more cumbersome processes can potentially impede development.

Indicative of the importance of user-friendly local building permitting processes is the recent Award for Excellence in Local Permitting presented to the town of Marlborough by Mass Insight, a Boston-based organization dedicated to increasing public-private partnerships in Massachusetts. The award, based on a survey of development professionals, was presented to Marlborough because of its coordinated approach that includes a knowledgeable and professional staff, a comprehensive site plan review, an effective master plan, and good coordination among all boards with permitting authority.

Marlborough's steps to success:

- 1. Strong professional staff*
- 2. Comprehensive site plan review*
- 3. Effective master plan*
- 4. Good coordination between boards*

Mass Insight "Award for Excellence in Local Permitting" 2000

How does Worcester perform?

Reliable data on Worcester's permitting process are difficult to collect. One indicator to determine how easy it is to get a permit is the time it takes from when an application is filed to a final decision about granting the permit. Numerous factors can influence this time, including state laws. Although some conditions are not within the City administration's control, other processes are, such as the adequacy of communication about the process to potential filers and the efficiency of the various commissions making the permit decisions.

For this economic development report, the Research Bureau collected data about applications to the Zoning Board of Appeals for January 1, 2001 through June 31, 2001. This board is responsible for three primary types of permit requests. First, the ZBA hears all appeals for previously denied building permit applications. Second, the board is responsible for issuing special permits, which allow specific types of uses in specific parts of the city. For example, Target was required to file for a special permit for sign relief to approve the signage for its new store in Lincoln Plaza. Variances are the third type of permit under the jurisdiction of the ZBA and are granted when a permit request varies from the City of Worcester's Zoning Ordinance. To receive a variance, the application must meet several criteria, including showing that meeting the requirements of the zoning ordinance may cause substantial hardship and that granting the permit will not be detrimental to the public good.

To complete the analysis of ZBA permit applications, the date an application was received and the date that the final decision was filed with the City Clerk's office were recorded. On average, applications took 39.9 days to process. The time distribution for all applications is shown in **Table 7-1**.

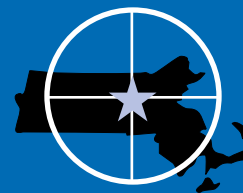


Table 7-1: Total time from application to decision for
Permit applications to the Zoning Board of Appeals,
1/1/01 - 6/30/01

Number of days from application to final decision	Number of applications
Less than 30 days2
30 - 39 days41
40 - 49 days20
50 - 59 days4
More than 60 days1

What does this mean for Worcester?

No conclusions about the user-friendliness of the business permitting process can be drawn from data about how long it takes for a permit to be granted. Although an efficient process that encourages development would be quick, these data do not demonstrate how easy it is to retrieve information on how to apply, how helpful the permitting staff are, or whether Worcester is perceived by the development community as a good place to do business.

For this reason, the Research Bureau has enlisted the help of the Worcester Project Center at Worcester Polytechnic Institute to do a comprehensive analysis and to compare the local permitting process in Worcester to other similarly sized communities in the Northeast. As well, the Research Bureau will be conducting a customer satisfaction survey of those people and groups who have gone through the permitting process. Therefore, in future economic development reports, we will present data that will show how "user-friendly" the process is and whether it adequately promotes economic development.



Profile of Comparison Communities

	Population, 2000	Square Miles	Population Density, 2000
Worcester	172,648	37.2	4,641.1
Providence	173,618	18.5	9,384.8
Springfield	152,082	31.7	4,797.5
Hartford	121,578	17.3	7,027.6
Surrounding Communities			
Leominster	41,303	28.8	1,434.1
Fitchburg	39,102	27.5	1,421.9
Marlborough	36,255	21.0	1,726.4
Shrewsbury	31,640	20.8	1,521.2
Westborough	17,997	21.1	852.9
Northborough	14,013	18.5	757.5

Sources: U.S. Census Bureau; Massachusetts Department of Revenue, Division of Local Services



CCPM Advisory Committee

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MISSION STATEMENT

The Worcester Regional Research Bureau is a private, non-profit organization dedicated to conducting independent, non-partisan research on financial, administrative, management and community issues facing Worcester's municipal government and the surrounding region.



500 Salisbury Street
Worcester, Massachusetts
01609-1296

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