



The Research Bureau

# What's Up With Downtown Worcester?: Prospects for Revitalization

Report 08-08

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## EXECUTIVE SUMMARY

For many years, Worcester's public officials, downtown business and property owners, workers who frequent downtown daily and residents who travel there occasionally have all talked about the need to restore the kind of vitality to downtown that existed in the 1950s. As recently as last month, the *Telegram & Gazette* reported that students at the Mass College of Pharmacy and Health Sciences were disappointed by the lack of activity—restaurants, cafes, bookstores—downtown. The condition of Worcester's downtown, of course, is not unique; downtowns of medium-size cities across the nation suffered the same fate in the latter decades of the twentieth century. During the past two decades, however, a number of projects have been completed in downtown Worcester which have brought new activity to the area.

The purpose of this report is to chronicle those accomplishments, detail the projects that have been proposed, and assess their prospects for completion. We have also identified several challenges to downtown revitalization, and based on those findings, The Research Bureau makes the following recommendations:

- The City Manager and the City Council (perhaps in conjunction with other cities that adopted this local option), should develop a plan to phase out the dual tax rate. One possibility is for the state to increase local aid and financial oversight of a municipality in exchange for a gradual reduction in the commercial tax rate (pp.18-19).
- The City Council should endorse the City Manager's proposal of incentives for downtown revitalization. These incentives, designed to encourage market-rate housing, property improvements, increase jobs, and enhance "curb appeal" downtown, would require state approval (pp. 20-22).
- The City's Director of Code Enforcement should enforce the City's zoning ordinance with respect to removal of obsolete signs for businesses that have closed (p. 22).
- The City Manager should authorize an increase in police foot patrols in downtown to address the perception that the area is unsafe (p. 22).
- The Worcester School Committee should develop a complex of pilot schools (in-district charter schools) within the downtown. Vacant space in the downtown (the former Courthouse, Worcester Historical Museum, and Unum buildings) provides the opportunity for the WPS to bring students back downtown (as in the 1950s, when five high schools were located there), enhance parental choice, and improve student achievement (pp. 22-23).
- The Colleges of Worcester Consortium should work with Anna Maria College, Clark University and any other interested colleges to establish a regional center downtown for training current and future public employees for local and state governments in Central Massachusetts (p. 24).

## INTRODUCTION

Worcester's mayor recently appointed a committee of individuals involved within UMass Medical School to consider establishing a downtown outpost apart from the school's main location near Lake Quinsigamond.<sup>1</sup> This suggestion is the latest in a string of efforts over many years to bring more people, and hence greater vibrancy, to downtown. The Research Bureau undertook this study to chronicle the accomplishments of the past decade, detail the plans on the drawing board, and assess the prospects for their completion. Our analysis will discuss the assets that could facilitate downtown revitalization as well as the obstacles that will have to be overcome to achieve this goal. The report will conclude with some recommendations.

### **Worcester's downtown as it once was<sup>2</sup>**

Worcester's downtown, or central business district,<sup>3</sup> is generally regarded to have been at its height in the 1950s, around the time when Worcester's population peaked at above 200,000.<sup>4</sup> Downtown in 1950 was a vital, bustling center of commercial and civic life. People were drawn downtown for many reasons. They came downtown for retail shopping, most prominently at the four department stores, Denholm and McKay's, Filene's, C.T. Sherer Co., and Barnard, Sumner and Putnam's. With the exception of Filene's, these were all locally owned. In addition, there were a variety of smaller, more specialized independent stores, most of which were also locally owned. All retail establishments were open on Wednesday evenings until 9 P.M., and on those nights, downtown was a beehive of activity. The almost total absence of retail establishments downtown at present has been cited by those interviewed as the most noticeable difference between downtown of 2008 and downtown of the 1950s.

People in the 1950s went downtown to patronize dentists, doctors, cleaners, drug stores, and hair salons and to procure various other basic goods and services. There were several movie theatres downtown, among them the Poli Palace Theatre, (recently renovated into the Hanover Theatre). There were five high schools: Boys' Trade and Fanning Trade for Girls (both of which would later combine into Worcester Vocational High School), Commerce, North, and Classical, which meant people of all ages came downtown daily. Although there was little housing downtown, and on most nights downtown Worcester did not achieve the 18-hour-day goal sought by many urban planners today, the wish for mixed-use development was abundantly fulfilled in downtown Worcester in the 1950s. Downtown was a central gathering place because it housed the basic services, retail and cultural activities, and most people arrived there by public transport.

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<sup>1</sup> Editorial, "Medical Necessity: Panel Pushes Greater UMass Presence Downtown," *Worcester Telegram & Gazette*, September 3, 2008,

<http://www.thefreelibrary.com/Medical+necessity%3B+Panel+pushes+greater+UMass+presence+downtown.-a0184420208>.

<sup>2</sup> This section is based on a number of interviews The Research Bureau conducted with local historians and citizens who remember downtown in the 1950s.

<sup>3</sup> In what follows, we will use the same definition of "downtown," defined by census tracts, as we have in our annual "Downtown Worcester Office Occupancy" surveys. This includes the area south of Lincoln Square, north of Chandler, Madison and Vernon streets, west of I-290 and east of Irving, Linden and Harvard streets.

<sup>4</sup> The Census Bureau put Worcester's population at 203,486 in 1950 and its 2007 population at 173,966.

A number of factors contributed to the decline of downtown over the decades. First, in the 1950s, the city government adopted an "urban renewal" policy, and razed a number of old buildings in deteriorating condition in hopes that the land would be attractive for new development. Although the Worcester Galleria project, an urban mall, the new public library and a small shopping plaza were developed, a number of these spaces were not redeveloped for many years, due to a lack of market interest and also due to complications caused by the passage of the Federal Superfund law in 1980.<sup>5</sup> Many of the torn-down buildings had been factories, and the "brownfield" land on which they were built was deemed environmentally contaminated. This resulted in extremely costly clean-up requirements prior to any redevelopment,<sup>6</sup> along with unlimited liability to the new owner.

Contrary to expectations that the mall would revitalize the downtown area, the Galleria proved to have a devastating impact on downtown retail; the enclosed mall sucked the life out of pedestrian traffic from stores on Main Street. The big department stores were unable to compete with the mall, and closed. In time, after a decade of success, the mall itself was unable to compete with the newer suburban malls, which were bigger and more accessible to the growing suburban population, and offered free outdoor parking.

Other factors which contributed to the decline of downtown include the fact that population shifts led to the building of new high schools on the outer edges of the city and the closing of those located downtown.<sup>7</sup> Some large businesses, such as State Mutual Insurance Company, moved out of downtown, while the number of major regional banks downtown declined owing to mergers and acquisitions. Between 1958 and 1970, I-290 was constructed, splitting much of the downtown area.<sup>8</sup> Finally, the City as a whole experienced a decline in its manufacturing industry, which resulted in less need for the professional services companies serving them downtown, such as accounting firms, law firms, and banks.

Of course, what happened to Worcester's downtown was not unique. Manufacturing has declined all over America, and most retail establishments have vacated downtown for suburban malls and online shopping. Most American cities of Worcester's size have had to accept that their downtowns are no longer the center of commercial and civic life that they once were.

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<sup>5</sup> For a discussion of this law and its impact on Worcester, see The Research Bureau's Report No. 97-6, "Facilitating the Cleanup and Development of Worcester's Brownfields," November 1997.

<sup>6</sup> Worcester Medical Center, completed in 2000, was the first successful downtown project involving brownfield clean-up. This project was made possible by the state's granting liability protection and financial assistance to the Fallon Clinic and St. Vincent's Hospital. Due in part to the success of the cleanup for this project, the state enacted the 1998 Brownfields Act. This Act granted liability relief and financial incentives to attract developers to abandoned industrial properties and has provided direct assistance to the Convention Center, Gateway Park and Worcester Trial Court, among other projects.

<sup>7</sup> North High is now condominiums and Commerce High School is currently occupied by Unum. Fanning Trade still operates, although in a different capacity; the Voke School closed in 2006 and is now completely vacant.

<sup>8</sup> Michael Warsaw, "A Dodge -em Full of Maniacs: the History of I-290," *Worcester Magazine*, March 20, 2003, <http://www.worcestermag.com/archives/2003/03-20-03/Cover.htm>.

American reliance on the automobile, which enabled the mass exodus to the suburbs, and the decline of manufacturing and rise of the new economy, which doesn't require businesses to be located in a city, are trends unlikely to be reversed. In short, both the flourishing and the decline of downtown were the result of factors beyond Worcester's power to control. A revitalized downtown will not be a re-creation of downtown Worcester circa 1950.

Those in the private and public sector currently working on downtown revitalization do intend to create something different from, and in some ways even better than, the 1950s version. For example, as mentioned above, they would like to see downtown Worcester remain busy for 18 hours a day. To this end, they want much more housing to be constructed downtown, in the form of condominiums occupied by young professionals and empty-nesters,<sup>9</sup> a phenomenon completely foreign to Worcester in the 1950s. They also hope to bring to downtown Worcester a greater variety as well as volume of artistic and cultural attractions.

The revitalization of Worcester's downtown is important for two reasons. First, downtown holds great potential for economic development. At present the area provides 30% of the City's commercial tax revenues.<sup>10</sup> This means that downtown is critical to the City's economic vitality. It also presents immense potential for investment and job creation in several industries such as commercial and residential real estate, restaurant, retail, and entertainment. Increasing the tax base will benefit all residents, providing more revenue for municipal services. Second, downtown revitalization is important to attracting and retaining residents. The flourishing of downtown Worcester in the 1950s engendered a sense of civic pride. By contrast, empty storefronts, makeshift signs, signs remaining from businesses no longer in existence, and lack of cleanliness give the impression of civic apathy, that no one cares. Both visitors and residents often judge a city by its downtown.

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<sup>9</sup>This goal is mentioned specifically in the "North Main Economic Development Strategy," discussed below.

<sup>10</sup> 30% of the city's non-residential taxes amounted to about \$17.8 million for FY08. The commercial tax levy in downtown amounted to about 9.3% of the city's entire tax levy for FY08. (Source: City Assessor's Office.)

## PROJECTS COMPLETED DURING THE PAST DECADE

Over the past decade, many projects have been completed in the downtown area. According to "Worcester ACTS," the City Manager's soon-to-be-released five-year "Action Plan for Economic Growth,"<sup>11</sup> new construction downtown has almost doubled in the last five years. In the City as a whole, a total \$2.2 billion has been invested in projects either planned, underway, or recently completed. This section will be devoted to discussing those projects completed within the last ten years. It will provide an update on what has happened downtown since the last Research Bureau report on the subject in 1999.<sup>12</sup>

Two points overall are worth mentioning at the outset. First, a great deal of progress has been made downtown in the last decade, both in terms of projects completed and projects underway. Second, only one project, the Mayo Group mixed-use project, was funded exclusively by a private, for-profit developer. All others were backed by some form of "creative financing," meaning major contributions from non-profit organizations such as local universities and the Worcester Business Development Corporation (WBDC) and Federal, State and/or City money.

### Union Station

In the years before and after World War II, Union Station was a busy, vital transportation center, but with the decline of the passenger train industry, it had fallen into disuse and disrepair until its total abandonment in 1975. In 1997, the Worcester Redevelopment Authority, a public entity, acquired the building and, after \$32 million in renovations, reopened the station in July 2000. In July 2005, a new, adjacent bus terminal was opened, at a cost of \$5.2 million. In July 2008, a 500-car parking garage with over 8,000 feet of retail space was completed, at a cost of \$19.6 million. Union Station now functions as an inter-modal transportation center with taxi, bus and commuter rail service, and also provides commercial office space.<sup>13</sup> Including the \$50,000 involved in the original acquisition in 1995, and the \$2.3 million in "fit-out" costs the City has put into the building to prepare office space for incoming tenants, a total \$59.2 million has gone into Union Station's restoration, a mix of local, state and Federal funds. Union Station is also the centerpiece of the newly redesigned Washington Square, which has resulted in three new development parcels. In the coming year, two acres of land in the area will be available for development.

After long negotiations between the Commonwealth and CSX, the freight company which owns the tracks used by the Worcester-Framingham commuter rail line, an agreement was reached on October 10, 2008, enabling the expansion of commuter rail service. The Commonwealth will

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<sup>11</sup> "A Five Year Framework for Accelerating Growth, Capitalizing on our Strengths, Targeting our Resources, and Stimulating Investment in Downtown and the Connecting Neighborhoods." We discuss the specifics of this plan below.

<sup>12</sup> Report No. 99-1, "Proposals for Revitalizing Downtown Worcester," January, 1999, <http://www.wrrb.org/reports/99-1downtown.pdf>.

<sup>13</sup> As we document in our "Downtown Worcester Office Occupancy: 2008 Survey," all of the readily usable space in Union Station, 82,000 out of 90,000 square feet, is occupied.

purchase the tracks from CSX for \$100 million. Three more daily trips were added recently, bringing the total number of daily round-trips between Worcester and Boston on weekdays to 12. In the long term, this increase in commuter-rail service on the Boston-Worcester route is expected to strengthen the case for residential development in downtown Worcester.

### **Worcester Trial Court**

The new state Courthouse on Main Street was built between July 2004, and September 2007. At six stories and 430,000 square feet, it is the largest Courthouse in the state. The total project cost was \$180 million, financed entirely by the Commonwealth, and authorized by the 1998 Courthouse Facilities Bond Bill. The State also paid for the entire environmental cleanup the site needed. The new Courthouse has spun off at least two new businesses since opening, the Garden Fresh Courthouse Café and Armsby Abbey. The Registry of Deeds, formerly located in the old Courthouse, moved to 90 Front Street (part of CitySquare). Also, the Trial Court Law Library will relocate from the old Courthouse (2 Main Street) to the Alpha Graphics building at 184 Main Street, directly across from the new Courthouse building.

### **Hilton Garden Inn**

The Hilton Garden Inn, a \$25 million project, was completed in October 2006. The developer was Fargo Management, LLC, which purchased the land from the City for \$1 million. The 36,000-square-foot parcel had formerly housed the Central Street Fire Station. The eight-story, 200-room Hilton offers a swimming pool, fitness area, twelve suites, nine conference rooms and the 180-seat Uno Chicago Grill restaurant. Located across the street from the DCU Center, the Hilton was constructed under the expectation that it would enhance Worcester's appeal for business travel and convention-related tourism, as well as generate new tax revenue on a formerly tax-exempt parcel. The City facilitated the Hilton Garden Inn project by waiving the permitting fees and granting both a 20-year tax-increment financing (TIF) agreement and a \$5 million Section 108 Loan Guarantee to Fargo.<sup>14</sup> Under the terms of the TIF, a development tool the state makes available to municipalities, the City waives a portion of the increase in property taxes that accrues as result of the new investment. (The TIF also makes the recipient eligible for a 5% credit on corporate excise taxes from the state.)

### **Route 146 Connector**

The Route 146 project, which connects I-290 to downtown, began in 1995 and was completed in November 2007 at the final cost of \$300 million.<sup>15</sup> This limited-access highway provides Worcester with a direct connection to the Mass Pike which it was denied when the Turnpike was built in the 1950s.

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<sup>14</sup> The Federal Housing and Urban Development (HUD) Section 108 Loan Guarantee program allows the city of Worcester to devote its current and future Community Development Block Grant funding from HUD to guarantee private loans for economic development projects which benefit low to moderate income Worcester residents. HUD grants the City around \$4.5 million annually, and the City has the authority to guarantee up to \$28.9 million in loans. (At present, it is far below that limit.)

<sup>15</sup> For more details on the 146 project, see The Research Bureau's Report No. 03-03, "Worcester's Link to the Masspike: an Update on the Route 146 Connector," May 15, 2003, <http://www.wrrb.org/reports/03-03transport.pdf>.

## **MCPHS**

The Massachusetts College of Pharmacy and Health Sciences established a campus in downtown Worcester at 19 and 25 Foster Street in 2000. In 2006, it purchased four properties adjacent to its current location (34-38 Mechanics Street, 28 Mechanics Street, 10 Norwich Street, 11 Norwich Street), giving it ownership of the whole block bounded by Foster, Commercial, Mechanics and Norwich Streets. In August 2008, the school purchased 20,000 square feet of office space at 40 Foster Street for \$1.5 million. The purchase of the buildings and the renovations to them total an investment of over \$50 million in downtown Worcester. Also worth mentioning is the fact that, although MCPHS is a non-profit entity, some of the buildings it owns are not currently used for educational purposes, and thus the college continues to pay taxes on them.<sup>16</sup> Currently, there are 100 faculty and staff employed on campus, as well as 600 students, 134 of whom actually live on campus. Many of the remainder live in the downtown area. There are plans to add another 400 students.

While locating 134 new units of housing downtown, the administration chose not to build a cafeteria, thus encouraging students to patronize local establishments and become a part of downtown life. According to a recent informal *Telegram* survey of pharmacy students, however, there is not much to do downtown: it lacks restaurants, cafes, bookstores and entertainment.<sup>17</sup>

## **Hanover Theatre**

The Hanover Theatre restoration was completed in the spring of 2008. Originally built in 1904 as the Franklin Square Theatre, it was remodeled in 1926 by the famous theater architect Thomas Lamb and renamed the Poli Palace Theatre. In 1967, the building was sold to National Amusements Inc., which renovated it to use for movie theatres and renamed it the Showcase Cinema. The facility was closed in the late 1990s. In 2002, the Worcester Center for the Performing Arts (WCPA), a private, non-profit corporation, was formed for the purpose of restoring the theatre to its 1926 form. The WCPA hired the Worcester Business Development Corporation (WBDC) to oversee the renovation, and the restored Hanover Theatre opened in March 2008. The cost to restore the theatre was \$31 million, financed with \$5.1 million in State historic tax credits, \$5.2 million in Federal historic tax credits, \$6.7 million in Federal New Markets tax credits,<sup>18</sup> \$9.1 million in private contributions from individuals, families and corporations, and \$4.9 in construction debt to be repaid by private contributions.<sup>19</sup> During the theatre's first three months of operations, more than 55,000 people attended performances there.

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<sup>16</sup> According to the City Assessor's Office, MCPHS's downtown properties are currently valued at \$21.3 million, \$6.5 million of which is taxable.

<sup>17</sup> Dianne Williamson, "City has its Limits," *Worcester Telegram & Gazette*, November 6, 2008, <http://www.telegram.com/apps/pbcs.dll/article?AID=/20081106/NEWS/811060711/0/FRONTPAGE>.

<sup>18</sup> The New Markets tax credit was designed in 2000 by Congress to stimulate investment in economically distressed areas.

<sup>19</sup> The Hanover sold the state tax credits to National Grid for \$4.5 million in cash. (Bruce Mohl, "Preserving Power," *Commonwealth*, Summer 2008, [http://www.massinc.org/index.php?id=698&pub\\_id=2350](http://www.massinc.org/index.php?id=698&pub_id=2350).)

The city government played an important role in the Hanover restoration. In order to qualify for the Federal New Markets credit, the Hanover had to be classified as a for-profit, and thus, tax-paying enterprise. To ease the resulting tax burden, the City granted a TIF to the Hanover. For as long as it maintains its for-profit status to fulfill the terms of the New Market tax credit program, Hanover will pay \$14,000 a year in property taxes and the City will forego \$2.7 million in tax revenues. After seven years, when the New Market credit runs out, the Hanover will change its tax status from for-profit to non-profit, at which point the TIF will also lapse, since the Hanover will no longer be required to pay any taxes to any public entity. The City also waived the permitting fees for the Hanover and granted a \$420,000 Section 108 Loan Guarantee for some of the construction work. The City also granted \$97,000 from its Section 108 HUD block grant to the Hanover for façade improvements.

### **Mayo Group Projects**

Since 2004, the Mayo Group, a Boston developer, has spent over \$20 million buying up property on Franklin, Salem and Portland Streets, near City Hall and the Worcester Public Library. This includes residential housing (the Bancroft Commons, with approximately 250 units, expected to be 90% filled by the end of the year, 40 more units in other Franklin Street buildings, and 20 more being developed) as well as 50,000 square feet of retail space and 16,000 square feet of office space. In 2007, the Mayo Group sold one of the properties it had purchased in 2004, the Park Plaza building at the corner of Main and Franklin Streets, as well as a 13,000-square-foot parking lot next to it, to BT Enterprise Holdings, LLC, a Boston-based real estate investment group. The Park Plaza building contains 11 stories of mixed-use space, with retail on the ground floor and 90 apartment units above. As noted earlier, the Mayo Group projects were only major projects downtown, either recently completed or underway, which were not financed in any way by a public or non-profit entity.

### **Gateway Park**

Worcester Polytechnic Institute (WPI) and WBDC are partners in Gateway Park, ãa 12-acre mixed-use destination for life sciences and biotech companies and the people who work for them.ö This project is ongoing, but three major parts have already been finished. First, the \$68 million WPI Life Sciences and Bioengineering Center (60-68 Prescott Street) has been completed, containing a total of 124,600 square feet. The space is part academic space used by WPI and part ãincubatorö laboratory space managed by Massachusetts Biomedical Initiatives and leased to small life-sciences companies.<sup>20</sup> This building was completed in April 2007, on time and on budget, with \$50 million contributed by WPI. Second, 660 spaces of parking (garage and surface) were completed in May 2007, on time and below budget. The parking garage was financed by \$4 million from WPI, \$4 million from WBDC, and \$4.5 million of public money, coming in the form of a grant of \$2.5 million from the U.S. Economic Development Administration and another grant of \$2 million from a Commonwealth Public

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<sup>20</sup> WPI does pay taxes on the space it leases out. In FY08, WPI paid about \$300,000 in property taxes for the WPI Life Sciences and Bioengineering Center. Also, WPI and WBDC each paid \$25,000 in taxes on the undeveloped lots at Gateway.

Works Economic Development Grant. Third, four more sites, totaling potentially 340,000 more square feet of commercial space and housing, are environmentally clean and ready for development.

At this point, WBDC is looking for private developers to develop the land that has been cleaned up. They project five life sciences buildings totaling 500,000 square feet of lab space, as well as conventional commercial office space, and graduate student housing, at a projected final cost of over \$250 million. When Gateway Park is fully developed, WBDC estimates that 3,000 people will be employed there.

### **Worcester Public Library**

The \$23 million, 26-month renovation of the main branch of the Worcester Public Library in Salem Square was completed in October 2001. Of the \$23 million, \$3.8 million came from private donors, \$5.8 million came from the state, and the remainder, \$13.4 million, came from the City. This added 50,000 square feet to the building and turned the main entrance of the building to face Worcester Common.

<b>Table 1: Projects in Downtown Worcester over the past Decade</b>			
<b>Project</b>	<b>Investment</b>	<b>Type</b>	<b>Impact</b>
Union Station	\$59.2 million	Inter-modal transportation center	In 2008, on average, 6,233 daily commuters inbound and 6,874 outbound <sup>20</sup>
Worcester Trial Court	\$180 million	Courthouse	Additional office space and event space as well as five additional courtrooms <sup>21</sup>
MCPHS	\$50+ million	College of pharmacy and Health Sciences	700 more people downtown (including 600 students)
Hanover Theatre	\$31 million	Performing Arts Center	Estimated attendance for FY09 based on current attendance levels: 170,000-190,000 people
Mayo Group	\$21.3 million	Private Development	Approx. 360 additional units when build-out is complete
Gateway Park	\$80+ million (total \$250 million projected)	Mixed-use project for life sciences, graduate student housing and retail	Four new biotechnology companies, with approximately 40 employees
Worcester Public Library	\$23 million	Library	Average monthly attendance in FY99 (before new building): 47,825; FY03 (first full year of new building): 59,699 <sup>22</sup>

<sup>21</sup> Note: these ridership figures (from the MBTA) are from before the increase in daily trains at the end of October 2008. (Priyanka Dayal, "Commuter rail boost is hailed," October 3, 2008, *Worcester Telegram & Gazette*, <http://www.telegram.com/article/20081003/NEWS/810030644/1116>.)

<sup>22</sup> During the first nine months of 2008, there were 287 jury trials involving 16,796 total jurors. These numbers represent an increase from the first nine months of 2007 (245 trials, 14,807 jurors) and of 2006 (236 trials, 13,193 jurors). However, in supplying us with this information, officials at the Massachusetts Supreme Judicial Court cautioned that this increase in activity could be due to any number of factors other than the increased capacity of the new courthouse.

<sup>23</sup> Source: Worcester Public Library

## PROPOSED AND ONGOING PROJECTS

### **CitySquare**

CitySquare, a public-private partnership between the City and Berkeley Investments, is currently the second largest construction project in Central Massachusetts.<sup>24</sup> Planning for the project began in 2004 when Berkeley Investments (along with Starwood Capital, a private investment firm located in Greenwich, CT) bought the former Worcester Common Fashion Outlet mall for \$30 million from Cigna Corporation. An agreement between the City and Berkeley was then signed in 2006 for the development of 20 acres between Front and Commercial Streets and Major Taylor Boulevard into an "urban village," consisting of 2.2 million square feet of medical and professional space, market rate condominiums, retail shops, a hotel, movie theater, and park-type open space. Berkeley plans to retain the two existing office towers on Front Street (containing over 510,000 square feet of commercial space), and demolish 90% of the former mall and adjoining parking garage.

Of the total \$563 million involved in this project, about \$93 million is public money, with \$7 million in Federal funding, \$25 million from the Commonwealth, and \$61 million from the City. The City's contribution comes from a "District Improvement Financing" fund, or "DIF"—a 30-year bond issuance to be paid back by tax receipts from a designated district surrounding the new development. With the DIF, the City will be borrowing against property tax revenues it anticipates that the new development will generate in order to finance infrastructure improvements around it. Under the terms of the initial agreement, the project will unfold in three phases, with the public money for demolition and various infrastructure improvements (street improvements and the construction of a 1,025 car underground parking garage<sup>25</sup>) being parceled out by the City in increments as Berkeley meets certain thresholds by signing "locked-in" leases with tenants. In June 2008, as a result of changed economic conditions, this plan was amended and the initial requirement for locked-in leases to begin the project was lowered from 300,000 to 135,000 square feet.

### **Worcester Common**

The Worcester Common is undergoing a three-phase restoration project. The first phase, now complete, made various improvements to the lower Common, such as demolishing the reflecting pool, adding decorative fencing around the Common perimeter, and sidewalk improvements along Franklin Street. Phase Two, when complete, will include a bike pavilion, a plaza for events that will be converted to an ice skating rink in colder weather, and Front Street sidewalk improvements. Phase Three, also currently underway, will effect a complete restoration of sidewalks and related pedestrian spaces around City Hall located adjacent to Franklin, Front and Main Streets and install informational kiosks and decorative bus stops. The total cost is expected to be \$7.8 million: \$2.75 million from the City, \$650,000 from the Commonwealth and \$4.4

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<sup>24</sup> The largest is the Bristol-Meyers Squibb plant in Devens (\$750 million). Matthew L. Brown, "Cranes and Scaffolds," *Worcester Business Journal*, November 12, 2007, <http://www.wbjournal.com/news40168.html>.

<sup>25</sup> Revenues from this parking garage, which the city has a 60-year lease on, will also be put towards paying off the DIF bond.

million from the Federal government. The aim of the restoration is to provide attractive spaces on the Common for festivals, performances and other kinds of gatherings, and an ice skating rink during the winter.

## **Federal Square**

The WCPA has projected that the Hanover Theatre will attract about 170,000-190,000 patrons each year, and bring \$40 million of additional spending to Worcester's downtown. In its first three months, the Hanover Theatre attracted 55,000 patrons, and at least one restaurant is planned to open nearby in Federal Square this winter. The theatre builds on the many improvements made by the owners of The Small Business Service Bureau and its affiliated companies to the 500 block of Main Street.

The WBDC is currently negotiating a memorandum of understanding with the City to determine what role it can play in planning and implementing future redevelopment of Federal Square. The design firm Vanasse Hangen Brustlin Inc. is currently working on a study commissioned by the City to determine the best use of \$1 million the City has committed (\$800,000 from the Commonwealth, \$200,000 from the City) for the redesign of Federal Square. The Federal Square parking garage is also currently being renovated, financed by \$300,000 of City money.

## **North Main Street Plans**

The City's Division of Economic Development recently released a Strategic Plan for the North Main/Lincoln Square area designed by Vanasse Hangen Brustlin Inc. The "North Main Economic Development Strategy," as the plan is called, has as its goal "to identify new opportunities for development that will be integrated with the various existing projects and plans in the area, into a market-driven, financially responsible and sustainable redevelopment strategy."<sup>26</sup> The City and its consultants developed this plan between January 2007 and August 2008. They conducted a market analysis, met with local landowners, business people, and focus groups, and hosted a one-day public charrette to generate ideas about what North Main could become. The report identifies eleven "priority parcels" (32 acres, nearly 1.3 million square feet of floor area and \$52 million in assessed value), as underutilized, and makes suggestions as to how to develop them or adaptively reuse them. All told, the report maps out an ambitious plan for the addition of 1.6 million square feet in mixed-use development in the North Main Street area, including office, residential, retail, convention space and a hotel.

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<sup>26</sup> The plan is available at <http://www.vhb.com/northmain/>.

## CHALLENGES TO REVITALIZATION

### Condition of National Economy

The slowdown in the national economy will undoubtedly complicate any efforts at economic development in downtown Worcester in the short term. Real estate development is an extremely capital-intensive industry, heavily dependent on large, long-term lender commitments as well as significant equity on the part of the developer. The current credit crisis will make access to capital more difficult for developers and make privately funded, for-profit development in downtown Worcester harder.

### State Fiscal Difficulties

The slowdown in the national economy will also add to the state's fiscal difficulties, which have been seen in the form of losses in corporate income taxes and capital gains taxes. Since state funding played such a big role in revitalization of downtown in recent years, the condition of the state's economy may well hinder some of the planned revitalization efforts.<sup>27</sup>

### State and Local Business Climate

Despite a commonly held perception that Massachusetts is unfriendly to business, no consensus exists on this question. Among the policy studies on the subject, Massachusetts' ranking relative to the other 49 states varies widely, depending on what factors are used to define "friendliness to business" or "economic competitiveness." Leaving aside that larger question, two obstacles relating to Worcester's and Massachusetts' business climates are worth mentioning. First, land is very expensive in Massachusetts. Firms located here must contend with high office and industrial rental rates, while the cost of land has an even greater impact on the cost of living and therefore on wages.<sup>28</sup> Second, as we have discussed before in *The Research Bureau's "Benchmarking Economic Development in Worcester" reports*,<sup>29</sup> Worcester has a very high commercial-industrial tax rate. Worcester's commercial-industrial tax rate of \$26.20 for FY08 was tenth-highest in the state,<sup>30</sup> and more than double the rate of many of the towns along the I-495 corridor with which it often competes for business development. The adjoining town of Shrewsbury has a single rate of \$9.14.

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<sup>27</sup> According to analysis by Massachusetts Budget and Policy Center, the budget cuts announced by Governor Patrick on October 15, 2008 include \$11.5 million from the Department of Housing and Community Development and \$27.5 million from economic development programs.

<sup>28</sup> The high cost of land in Massachusetts is emphasized in the Pioneer Institute's White Paper #35, "Measuring Up? The Cost of Doing Business in Massachusetts," October 2006, [http://www.pioneerinstitute.org/pdf/06\\_costofdoingbusiness.pdf](http://www.pioneerinstitute.org/pdf/06_costofdoingbusiness.pdf). A recent survey by the Tax Foundation ("Property Taxes on Owner-Occupied Housing by State, 2007" September 23, 2008, [http://www.taxfoundation.org/files/proptax\\_state-owneroccupied20080923.pdf](http://www.taxfoundation.org/files/proptax_state-owneroccupied20080923.pdf)), also drew attention to the high cost of land in Massachusetts. Despite proposition 2½, the \$3,328 median annual property tax bill for owner-occupied homes in Massachusetts paid in 2007 was the sixth highest in the nation.

<sup>29</sup> Report No. 08-07, "Benchmarking Economic Development in Worcester: 2008," November 24, 2008, <http://www.wrrb.org/documents/Report08-07EconDvpt.pdf>.

<sup>30</sup> Worcester was beaten out by Burlington (\$26.30), North Adams (\$26.72), Westfield (\$26.73), Framingham (\$28.09), Pittsfield (\$28.35), Springfield (\$32.04), West Springfield (\$32.61), Monroe (\$33.49), and Holyoke (\$33.98). (Source: Massachusetts Department of Revenue)

While these two factors on their own do not necessarily make Massachusetts or Worcester unfriendly to business, they are real obstacles to attracting new firms to downtown and retaining old ones.

## Incentives for Revitalizing Cities

Although Massachusetts does offer several types of tax incentives to attract businesses, many of them, according to a recent report by MassINC, an independent, nonpartisan research and educational institute, are not very helpful to older industrial or "Gateway" cities like Worcester.<sup>31</sup> Of the \$553 million in business tax incentives estimated for FY09 that are offered by the Commonwealth, about \$525 million come in the form of industry-specific incentives. The companies that these incentives assist are primarily firms from the knowledge-industry which have tended to locate in new suburban developments more than in older industrial areas. Industry-specific incentives may have benefited Boston, Cambridge and various suburban developments, but, according to MassINC, they have done virtually nothing to assist Massachusetts' depressed urban areas.

MassINC argues that, in general, *geography*-specific tax incentives have a much better track record of generating job growth and investment. However, only \$28 million is projected to go towards such incentives in FY09 and, what is more, this all comes in the form of funding which requires the recipient city first to commit some of its own revenues. The main geography-specific incentive that the state offers is the Economic Opportunity Area Credit (EOAC). In order to obtain this credit for a new development, a city or town must be qualified as an Economic Target Area, then designate a certain district as an Economic Opportunity Area (EOA). It then must grant a TIF to the developer. As discussed above in connection with the Hilton Garden Inn and Hanover Theatre projects, under the terms of the TIF, the city agrees to forego a certain amount of the increased property tax revenue generated by a new development. After the city establishes a TIF, the state will usually then grant the firm involved in the project a 5% corporate excise tax credit. The Economic Opportunity Area Credit program was originally intended to close the cost differential between a business locating in an economically-depressed area and in a newer, undeveloped area. In practice, the \$28 million program has failed to achieve this effect, because so many cities and towns, including such affluent places as Andover, Bedford and Lexington, have acquired "Economic Opportunity Area" status.<sup>32</sup> As the State Inspector General put it to the Commissioner of the Department of Revenue in 2004, the definition of what constitutes an "Economic Opportunity Area" has been "rendered virtually

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<sup>31</sup> Benjamin Forman, "Going for Growth: Promoting Business Investment in Massachusetts Gateway Cities," July 2008, [http://www.massinc.org/fileadmin/researchreports/gateway\\_cities/going\\_for\\_growth.pdf](http://www.massinc.org/fileadmin/researchreports/gateway_cities/going_for_growth.pdf). MassINC includes eleven cities in its list of "Gateway Cities": Brockton, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, New Bedford, Pittsfield, Springfield, and Worcester. MassINC uses the term "Gateway" to highlight these cities' often-overlooked, yet fundamental, importance, in being "Gateways to their regions, to the immigrants who are a vital segment of the state's workforce, and to the Massachusetts economy in general, which still relies heavily on their significant output."

<sup>32</sup> Note: the \$28 million figure only accounts for the *state's* contribution (the 5% credit on corporate excise tax). It does not account for the amount of property tax revenue that the various cities and towns have foregone in the TIF program. No accurate figures of this contribution are kept, but it is assumed to be quite significant.

meaningless by being interpreted so loosely.<sup>33</sup> TIFs have been used in 140 cities and towns in Massachusetts, including 31 with a median household income 120 percent of the statewide median. "Companies can now get the same tax advantages from a prime location, which means they have no reason to take a chance on a redeveloping area."<sup>34</sup> The real result has been not the return of new development to old depressed areas but "tax competition" between municipalities, meaning, in the case of the Gateway Cities, lost revenues with negligible return.<sup>35</sup>

MassINC argues that, in order to be more fair as well as effective, Massachusetts tax incentives should be more strategically targeted to benefit its older industrial cities. Partly as a result of MassINC's report, the City Manager is currently working with a number of the other Gateway Cities on an agenda to address the lack of programs geared specifically for their needs. The program will be discussed in our recommendations.

### **Insufficient Class A Office Space**

There is a lack of Class "A" office space<sup>36</sup> in downtown Worcester, as we have documented in our annual surveys of downtown office occupancy. The last new building, Chestnut Place, was completed in 1990. Chief among the reasons for the lack of new office construction is the so-called "development gap." The Worcester real estate market has difficulty supporting rents high enough to justify new development. (According to realtors, this applies to both residential and commercial construction in the downtown.) Although Worcester is not part of the same market as Boston when it comes to rents, the costs of construction are similar in both places. The fact that so little of the recent development in downtown has been done by private, for-profit developers may be due largely to this "development gap."

### **Lack of "Curb Appeal" Downtown**

There are many empty storefronts along Main Street. Public perception is that downtown is not clean, even though City crews sweep downtown six nights each week. (By midday, cigarette butts and litter have accumulated in the street.)

To research the facts behind this perception, The Research Bureau surveyed the physical problems of the downtown in October 2008. We used the Computerized Neighborhood Tracking (ComNET) tool that we have employed in 13 other neighborhoods over the past eight years.<sup>37</sup>

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<sup>33</sup> "Going for Growth," p. 6

<sup>34</sup> *Ibid.*

<sup>35</sup> More recently, the state has created a few new types of development tools that use state and local tax revenue to finance infrastructure improvements for new developments. One such tool is the DIF, discussed above in connection with the CitySquare project. These are too new, and too underutilized at this point to determine their impact. (Although the fact that they are so underutilized in itself indicates a certain lack of effectiveness.)

<sup>36</sup> Class "A" refers to "premier space," either located in newly constructed buildings or office space that has undergone extensive renovation.

<sup>37</sup> To view summary data and a detailed list of all the conditions that were recorded during the recent Downtown ComNET survey, please see our website, [www.wrrb.org/ComNet.php](http://www.wrrb.org/ComNet.php).

ComNET is a systematic process that uses handheld computers and digital cameras to record the exact location of physical problems.

The volunteer teams, consisting of representatives from downtown businesses and students from the College of the Holy Cross and South High Community School, recorded 251 conditions. Of the 251 recorded conditions, there were 16 (6.4%) instances of litter, trash, and dumping documented. Thirty-one conditions (12.4%) related to defacing property, including graffiti and scratches. Almost one in four (23%) problems were building-related, including old or damaged awnings and signage (of businesses long closed, including the Paris Cinema and the Mid-Town Athletic Club), crumbling facades, and broken windows. Twenty-six percent of all recorded conditions were sidewalk problems, such as trip hazards, missing pieces of sidewalk, and weeds. Several different agencies are responsible for the resolution of these problems, including the Departments of Public Works and Parks and Code Enforcement. Sixteen percent of problems were the responsibility of property owners. This documentation is being shared with the responsible parties. Remediating these conditions would certainly improve the curb appeal of downtown.

Downtown is also commonly perceived as a high-crime area. For example, in a 2006 Research Bureau online survey of those who work, live, and own property downtown, 74% of respondents felt that downtown is unsafe. However, this perception is not supported by data. To the credit of the Worcester Police Department (WPD), downtown does not have a crime problem. In the third quarter of 2008, downtown had a lower daily incident rate (30.4) than any of the other seven geographic areas in the city, with the exception of the Northwest.<sup>38</sup> The WPD tracks incidents and other data on a daily basis, and shifts resources to where problems exist. The WPD has also devised a strategy consisting of three elements to patrol the downtown. The primary police presence downtown is composed of ten patrolmen who rotate shifts out of the WPD office on Front Street. During normal business hours, one officer on duty is assigned to walk a beat downtown. The second element of the police presence is patrolmen in cruisers on patrol routes. Two such routes run through the downtown area 24 hours a day, seven days a week. Finally, there is the Anti-Crime Team, which is not specific to any district in downtown or elsewhere in Worcester, but is always available at the station to respond with backup to any emergency.

## **No Constituency for Downtown**

Over the years, the City Manager has made several attempts to involve businesses in improving the appearance of downtown, but to no avail. The most recent effort was in 2006 when the Manager invited representatives of all downtown property owners, businesses and other establishments to several meetings to formulate a plan for improving downtown's appearance. For this purpose, The Research Bureau conducted an online survey of businesses to determine issues that needed to be addressed. Poor attendance by the downtown community and lack of

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<sup>38</sup> Central 84.8, South 51.1, Southeast 39.6, East 37, North 33.4, Northwest 23.3, West 35.6. However, it should be mentioned that downtown did have the third-highest number of arrests-351. Only the South (353) and Central (882) geographic areas had more.

leadership from the private sector were responsible for the City Manager abandoning this effort. The lack of a constituency for downtown advocacy was a problem in 1999, when The Research Bureau last did a report on the area. To address this problem then, we recommended the formation of a Business Improvement District, or BID, which will be discussed below.

## RECOMMENDATIONS

As the discussion above indicates, a number of important downtown projects have been completed and several more are in progress. Yet there continue to be some serious challenges to downtown revitalization. Are there any steps that Worcester's public officials can take to make downtown more attractive to businesses and developers?

Businesspeople make investment decisions based on a number of different factors. These include:

- A stable, well-managed government where the rules of the game are clear and the costs are competitive with other cities or towns under consideration by the investor;
- An educated workforce from which to draw employees;
- A safe environment for employees;
- An attractive area in which all levels of employees can find suitable housing, good public schools, cultural attractions, and continuing or higher education opportunities.

The City Manager and his team have done considerable work toward establishing an environment that is conducive to investment. The bond rating agencies have commended the City for adhering to its first-ever financial plan by instituting cost-savings measures and stabilizing its expenditures and borrowing. In fact, Standard and Poor's upgraded the City's bond rating from "A-/Negative" to "A-/Stable."<sup>39</sup> Good management is paying off. In 2008, Forbes ranked Worcester one of the top three cities in New England for business and career, CNNMoney.com ranked Worcester number 38 in its "100 Best Places to Live and Launch" (a business), and ranked it as one of the top five biotech hotspots in 2008.

As noted earlier, however, one of the factors which influences business decisions is the commercial-industrial tax rate. Worcester's dual tax rate enables the City Council to establish a tax rate for businesses that is as much as 175% of the single tax rate.<sup>40</sup>

This disadvantage has been confirmed recently by the Massachusetts High Tech Council's rankings of how each community in the Commonwealth rates on a variety of measures seen as critical to high tech employers and employees: good public schools, low taxes, technology workforce strength, and a fair and predictable permitting process. As seen in **Table 2**, while Shrewsbury and Grafton ranked number two and four, respectively, in the Commonwealth, Worcester ranked number 240.

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<sup>39</sup> For an account of the City's improvements in financial management, see The Research Bureau's Report No. 08-05, "Benchmarking Municipal finance in Worcester 2008: Factors affecting City's Bond Rating," September 25, 2008, <http://www.wrrb.org/documents/BenchmarkingMunicipalFinanceReport08-05.pdf>

<sup>40</sup> For further discussion of tax rates, see "Benchmarking Economic Development in Worcester: 2008."

<b>Table 2: Commercial Tax Rate and MassTrack Rank in Nearby Communities</b>		
	<b>2008 MassTrack Rating</b>	<b>FY08 Commercial-Industrial Tax Rate</b>
Shrewsbury	2	\$9.14
Grafton	4	\$10.05
Douglas	6	\$10.11
Boylston	7	\$11.44
Leominster	8	\$11.25
Uxbridge	10	\$10.47
<b>Worcester</b>	240	\$26.20
<i>Source: Massachusetts Department of Revenue; Massachusetts High Technology Council</i>		

**To overcome this disadvantage, The City Manager should develop a plan for phasing out Worcester's dual tax rate.**

The City Manager should work with the other Gateway Cities which have dual tax rates and their legislative delegations to develop a plan that would tie phasing out the dual tax rate to a change in the state's local aid formula.

There are over 100 cities and towns in Massachusetts that have adopted a dual tax rate, an option which the state offered to communities following the passage of Proposition 2½. This option enabled local governments to shift part of the tax burden to businesses. For those cities and towns that now find themselves at a competitive disadvantage in terms of attracting businesses as a result of adopting this local option, the state should establish certain financial performance measures. Meeting these targets could result in additional local aid to compensate for reducing the business tax rate. The performance measures should include:

- developing a five-year financial plan approved by the local legislative body and monitored by the Department of Revenue;
- increasing reserve levels;
- reducing debt service and establishing a cap on borrowing;
- spending year-end free cash on non-recurring expenditures;
- adhering to pension funding schedule and avoiding increased liabilities by adopting local option increases;
- reducing health insurance costs for current employees and retirees (i.e. adopt Section 18 requiring all retirees to join Medicare rather than remain on conventional plans).

***The City Council should endorse the City Manager’s Proposal of Incentives for Downtown Revitalization.***

In addition to phasing out the dual tax rate, there may be some incentives targeted toward older industrial cities in the Commonwealth which could help to influence businesses to locate or expand in their downtowns.

The program, known as the “Urban Core Revitalization Initiative” (UCRI), is the centerpiece of the City Manager’s “Worcester ACTS” plan, a five-year economic development plan. These incentives would be applicable to the other Gateway Cities and would require approval by the state legislature.

Much of the UCRI involves strengthening the state’s Commercial Area Revitalization District or “CARD” program, which was started in 1978. A CARD is a designation certified by the Commonwealth’s Office of Housing and Community Development. It is meant to be applied to older downtowns or commercial centers to help deal with the problems caused by disinvestment, meaning the departure of business and physical deterioration. Worcester’s downtown received a CARD designation in December 2007. In 1978, a CARD designation gave an area direct access to a number of financial incentives from the state, but those incentives are no longer in existence.

The UCRI hopes to reinvigorate Massachusetts’ CARD program, and provide assistance to urban renewal efforts in older industrial cities.

**Residential Property Development**

Many state-level incentives to stimulate housing development require that a certain portion of the funding be devoted to affordable housing. But since most older industrial cities already possess adequate levels of affordable housing, this requirement is redundant. The “UCRI Market-Rate Housing Initiative” would relax requirements for affordable housing from state residential development funding sources (such as the Federally-funded, state-administered HOME Program, the state’s Urban Center Housing Tax Increment Financing Program (UCH-TIF), and grants from the state Department of Housing and Community Development) for projects which are connected to public transportation and located in communities whose housing stock is already 10% affordable. These funding sources currently require the inclusion of more than 10% affordable housing for the project in question. Also, a housing trust fund would be instituted to support market-rate housing within a CARD, and market-rate home ownership would be encouraged through property tax abatements. By encouraging residential development downtown, this initiative would help downtown Worcester achieve its “18-hour-day” goal.

**Commercial and Industrial Property Development**

The “UCRI Landlord Incentive Initiative” would encourage property owners downtown to improve their properties by limiting property tax increases which might be triggered by the improvements. This would require waiving the job-creation requirements the state currently imposes for such tax abatements. Property turnover and new investment would also be

encouraged by waiving state capital gains penalties incurred in sales of old properties, and by increasing the state's Historic Tax Credit.

### **Business and Job Growth**

The "UCRI Commonwealth Business Loan Program" would offer low-interest loans to job-producing businesses which would be forgiven if the business met certain agreed-upon thresholds and timelines. The "UCRI Business Assistance Initiative" would grant a state income tax credit for businesses located within a CARD which make facility improvements and/or create full-time jobs.

### **Main Street Retail Enhancement**

Retail is an essential part of any downtown revitalization, but, according to realtors, retailers are unlikely to locate or expand in any downtown market until the office and residential markets are well established. In downtown Worcester, this problem is exaggerated by the lack of curb appeal discussed earlier. One way to address this problem would be to form a Business Improvement District (BID). A BID is a private-public partnership, in which property and business owners elect to make a collective contribution to the maintenance, development, and promotion of their commercial district. Typical services provided by BIDs include street cleaning, infrastructure maintenance, beautification, and enhanced security. The Research Bureau recommended a BID in our 1999 report on downtown.

There are two factors, however, which make the establishment of a BID unlikely in downtown Worcester. First, Massachusetts law allows property owners within a BID area to "opt-out" of paying the BID fee within 30 days of the BID's formal establishment. This creates a classic "free-rider" problem, since such property owners would nonetheless continue to benefit from the BID district's increased maintenance and cleanliness. Many cite this factor as the reason why, although Massachusetts granted municipalities the authority to create BIDs in 1995, only three communities have instituted one (Springfield, Westfield, and Hyannis). The second and perhaps greater obstacle to establishing a BID in downtown is Worcester's high commercial property tax rate. This will make property owners disinclined to pay the BID fee in addition to their high property taxes.

In the City Manager's plan, the "UCRI Sales Tax Special District" would achieve roughly the same end as the BID while avoiding its difficulties. It would allow a municipality to negotiate with the state a base sales tax for a CARD district. The state would then return 50% of the receipts above this amount to the municipality for expenditures on local improvements within that district. Thus, unlike a BID, the money would be taken out of state sales tax receipts, and require no additional fee on property owners.

***The City’s Director of Code Enforcement should enforce the City’s zoning ordinance with respect to removal of obsolete signs for businesses that have closed.***

As discussed above in the “Lack of Curb Appeal” section, obsolete signs for businesses no longer in existence are unattractive and a sign of negligence on the part of the property owner. At present, there are several such signs in downtown; in some cases the businesses have been gone for years. Under the ordinance, the Code Enforcement Director is authorized to order the removal of such signs within 60 days of notice. Failure to do so enables the Director to remove the sign. Any expenses incurred by the City become a lien on the property where the sign was located.

***The City Manager should authorize an Increase in Police Foot Patrols.***

Businesses also look for a location where their employees can feel safe, find suitable housing and good public schools. While the data indicate that Worcester is a relatively safe city, The Research Bureau surveys of citizen satisfaction found that there is a perception in the general population that downtown is not safe.<sup>41</sup> To allay these concerns, the WPD should increase the number of foot patrols, especially in the late afternoon and evening hours.

***The Worcester School Committee should develop a complex of pilot schools (in-district charter schools) within the downtown.***<sup>42</sup>

The Worcester Public Schools (WPS) are considered “low performing” by the Commonwealth’s Department of Elementary and Secondary Education. The need to substantially improve student achievement, coupled with the arrival of a new WPS Superintendent next fall, provides an opportunity to rethink the structure and offerings in Worcester’s schools. Over the past years, The Research Bureau has tracked performance in the WPS in a number of key indicators and noted that improved performance in other urban districts has been tied to giving school principals, working collaboratively with teachers, authority over hiring and firing personnel, budgeting, curriculum, personnel development, and length of school day and year.<sup>43</sup> These elements are found in pilot schools (which Governor Patrick calls “Readiness Schools”), as well as in charter schools.

Vacant space in the downtown provides the opportunity for the WPS to bring students back downtown (as in the 1950s, when five high schools were located there), enhance parental choice, and improve student achievement. Unum’s recent decision to vacate its buildings for smaller, newer, and more efficient space will leave 400,000 square feet of vacant space. The Worcester

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<sup>41</sup> See our most recent citizen satisfaction report, “Citizen Satisfaction with Municipal Services and Quality of Life in Worcester: 2006 Survey,” which is available on our website, [http://www.wrrb.org/documents/CCPM-07-01\\_000.pdf](http://www.wrrb.org/documents/CCPM-07-01_000.pdf). A perceived lack of safety was also one of the complaints that MCPHS students had about downtown in “City has its Limits,” mentioned above.

<sup>42</sup> See The Research Bureau’s Report No. 08-03, “Choosing a New School Superintendent to Address Worcester’s Challenges” for further discussion of pilot schools.

<sup>43</sup> See The Research Bureau’s Report No. 08-01, “Benchmarking Public Education in Worcester: 2008,” March 2008, <http://www.wrrb.org/documents/CCPM08-01.pdf>.

Historical Museum recently announced plans that it, too, will be vacating its current location on Elm Street in the spring of 2010. The old Courthouse on Main Street has been vacant since November 2007.

The education complex should include, but not be limited to the following:

**Single-sex schools** for both males and females. Many students (and their parents) prefer a single-sex program so that they can focus on academics rather than on the social environment. Regulations encouraging more experimentation with single-sex education were approved by the Federal government in 2006.

Re-creation of the former **Classical High School**, which had been located in the current Durkin Administration Building, or development of an **International Baccalaureate (IB) program**. These kinds of schools, which offer a rigorous classical education, provide an attractive option to academically-talented students, and are no less important for public education than the programs provided for those students with other kinds of special needs.

This education complex would bring a large infusion of young people to the downtown on a daily basis and, equally important, offer greater choices and opportunities for excellence within the public schools.

***The City Manager and the City Council should continue to support and expand upon the Colleges of Worcester Consortium's efforts to bring more college-type activities to downtown.***

The availability of an educated workforce is also an important factor in attracting and retaining businesses. Worcester is indeed fortunate to be the home of ten colleges and universities which enroll about 30,000 students. As of next year, the number of seniors graduating from high school will begin to decline,<sup>44</sup> which will mean increased competition for students among American colleges and universities. Attracting students will require more aggressive marketing efforts on the part of colleges, emphasizing every resource at their disposal to continue to attract as many students as possible. A revitalized downtown Worcester may be a potential resource with which Worcester's colleges and universities can market themselves.

Worcester's colleges have already contributed much to the City's economy and vitality, such as Gateway Park, The University Park Campus School, and The Nativity School. Thanks to the recent efforts of the Colleges of Worcester Consortium, as well as years of encouragement on the part of the City for them to do so, the colleges and universities have also tried to contribute to the revitalization of downtown. The eleven members of the Consortium have pledged \$180,000 for five years (\$900,000 total) to the Hanover Theatre. This sum includes grants and the lease of space for academic functions, as well as the purchase of blocks of tickets be made available to

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<sup>44</sup> Alan Finder, "Math Suggests College Frenzy Will Soon Ease," *The New York Times*, March 9, 2008, <http://www.nytimes.com/2008/03/09/education/09admissions.html?scp=1&sq=alan%20finder%20math&st=cse>.

students. In addition, in conjunction with the Department of Public Works and Parks, local college students under the auspices of the Consortium have adopted an island in Lincoln Square, and provided basic landscaping and beautification work on a voluntary basis.

Consortium members also have formed partnerships with the Worcester Cultural Coalition and Shrewsbury Street Area Merchants Association and organized events geared towards promoting downtown Worcester to its undergraduates. The City Manager and Council should work with the Consortium to develop additional opportunities to bring students downtown.

***The Colleges of Worcester Consortium should work with Anna Maria College and Clark University (which offer Master of Public Administration (MPA) programs) and any other interested colleges to establish a regional center downtown for training current and future public employees for local and state government in Central Massachusetts.***

This center should have the same kind of capacity as those at UMass Boston and UMass Amherst which offer both MPA and Master of Public Policy programs. Targeting all the cities and towns in Central Massachusetts would provide tremendous benefit to those neighboring communities. Based on The Research Bureau's experience working with the MORE-member communities (Municipalities Organized for Regional Effectiveness, a collaborative of about 20 towns that The Research Bureau was instrumental in founding) which provides services on a regional basis, many area towns are in need of public servants with the managerial capacity to address all the issues presented by state and Federal mandates. This problem has become especially acute as the population of many small towns has grown suddenly, and they have been overwhelmed by a greater number and variety of responsibilities pertaining especially to development, infrastructure, and schools. It is critical for Central Massachusetts to build this educational capacity for a region of the Commonwealth that has experienced considerable growth.

*Mission Statement:*

*The Research Bureau serves the public interest of the Greater Worcester region by conducting independent, non-partisan research and analysis of public policy issues to promote informed public debate and decision-making.*



## The Research Bureau

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