



Commonwealth of Massachusetts

Executive Office of Housing and
Economic Development

Partnerships for Growth

*A plan to enable the Commonwealth's
regions to build, connect and lead*



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
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To the Honorable Senate and House of Representatives,

I am pleased to present to you the Commonwealth's economic development plan, *Partnerships for Growth: A plan to enable the Commonwealth's regions to build, connect and lead*.

Over the past five years, Massachusetts has achieved enviable growth. Private businesses created more than 200,000 new jobs and the statewide unemployment rate dropped below 3% for the first time in nearly 20 years. The state's talented workforce and dynamic innovation ecosystem served as the core to this economic expansion and position the Commonwealth for future growth.

While the statewide numbers show that Massachusetts is on an upward trajectory as a whole, they mask regional variations. It is important to recognize that community needs vary widely, and that different regions of the Commonwealth face different challenges. This is true for housing, businesses, workforce, and communities. *Partnerships for Growth* lays out a strategy for addressing these issues in their regional contexts.

This economic development plan establishes a framework designed to inform our approach moving forward. It is focused on four core pillars: responding to the housing crisis; building vibrant communities; supporting business competitiveness; and training a skilled workforce. These strategic pillars, along with principles like equitable opportunity and regional strategies, will guide our economic development programs, funding, and legislation these next three years.

By focusing on these pillars and cross-cutting principles, the state will better align workforce training with employer needs and support an innovative business environment to help businesses grow. Our administration will continue the state's strong partnership with all 351 towns and cities so that we can support vibrant communities, which are so key to economic growth. And, the Commonwealth will respond to the housing crisis head-on by working to increase production of all types of housing.

The Baker-Polito Administration is proud of the work done in close collaboration with the legislature to create an environment that promotes economic development. Most notably, this includes the economic development legislation enacted in 2016 and 2018, the 2018 life sciences reauthorization, and a \$1.8 billion housing bond bill – the largest in history. This Administration is committed to building on those efforts with this plan as a foundation.

We look forward to the *partnerships for growth* that will bring together communities, businesses and individuals to achieve these goals and keep Massachusetts *building, connecting and leading*.

Sincerely,

Handwritten signature of Charles D. Baker in blue ink.

Charles D. Baker
Governor

Handwritten signature of Karyn E. Polito in blue ink.

Karyn E. Polito
Lieutenant Governor

PARTNERSHIPS FOR GROWTH:

A plan to enable the Commonwealth's regions to build, connect and lead

In 2015, the Baker-Polito Administration worked with an Economic Development Planning Council, the legislature, and other stakeholders to develop and implement *Opportunities for All: The Baker-Polito Strategy and Plan for Making Massachusetts Great Everywhere*. This plan focused on seven priority policy areas centered on prosperity for residents, vitality for communities, and growth for businesses.

Four years later, after working with stakeholders, experts, and a newly appointed 2019 Economic Development Planning Council, the Baker Polito Administration is pleased to put forward *Partnerships for Growth: A plan to enable the Commonwealth's regions to build, connect and lead*.

Over the spring and summer of 2019, the Baker-Polito Administration hosted nine regional engagement sessions across the Commonwealth, soliciting feedback from residents and businesses. Expert moderators led breakout discussions across six areas: Community & Neighborhood Development, Innovation & Start-Ups, Jobs & Workforce Development, Housing, Key Clusters & Industries, and Business Growth. More than 1,200 attendees participated, and their insights serve as the basis of *Partnerships for Growth*. The Economic Development Planning Council is indebted to all who participated and shared their knowledge and wisdom.

Following the engagement sessions, the Executive Office of Housing and Economic Development (EOHED) identified specific topics that warranted additional discussion. During the fall of 2019, EOHED engaged nearly 250 organizations across 17 deep-dive listening sessions to further refine economic development priorities for this plan. Sessions ranged from discussions around specific verticals of the innovation economy, like robotics, to the pressing needs of rural communities across the state.

Four strategic pillars emerged from this broad engagement. These pillars center on the need for the Commonwealth to produce more housing options for residents, support vibrant communities, strengthen Massachusetts' economic competitiveness, and develop stronger pathways for workers. While each stakeholder group approached these issues from a different perspective, nearly every group coalesced around these core elements. These priorities reflect the continued importance of the pillars of *Opportunities for All* – people, communities, and businesses – while adding housing to reflect its importance to the economic growth of Massachusetts.

The numerous discussions also highlighted cross-cutting principles that affect each pillar. These convergent issues included opportunities to simplify interactions with state government, mitigate the impact of climate change, provide equitable opportunities across the Commonwealth, enhance public infrastructure, and better reflect the unique characteristics of our regions in state programs and priorities.

Partnerships for Growth aligns the Administration's economic development programs, funding, and legislative efforts within these four central pillars to address challenges and foster opportunities over the next four years.

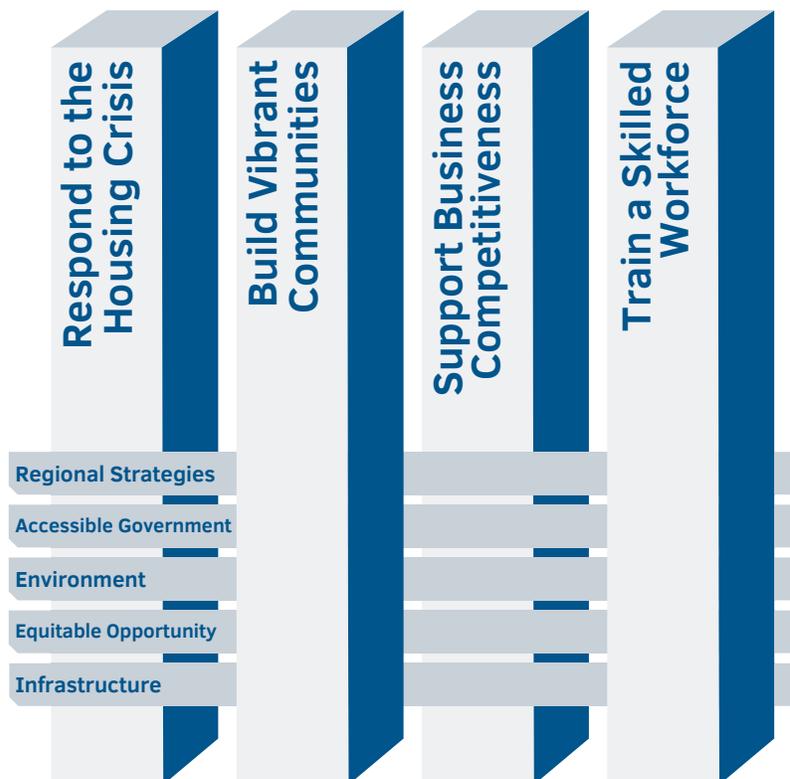
EXECUTIVE SUMMARY

Since 2015, Governor Baker and Lieutenant Governor Polito have worked to support and grow Massachusetts' economy by executing on *Opportunities for All*, the economic development strategy that guided the Administration's first term. This plan served as the basis for the economic development legislation enacted in 2016 and 2018, the 2018 life sciences reauthorization, the 2018 affordable housing bond bill, and it helped to guide more than \$1 billion in economic development investments, including coastal infrastructure, downtown planning, and business technical assistance.

During 2019, the Administration convened an Economic Development Planning Council, chaired by Lt. Governor Polito and Housing and Economic Development Secretary Mike Kennealy, and held a series of regional engagement sessions and topic-focused deep dive listening sessions, involving more than 1,500 people across the Commonwealth. During these sessions, four key pillars emerged: housing, communities, businesses, and workforce. Additionally, the discussions coalesced around five principles that cut across these pillars and inform this plan: regional needs, accessible government, environment, equitable opportunity, and infrastructure.

As a result of this work, the Baker-Polito Administration is proud to present *Partnerships for Growth: A plan to enable the Commonwealth's regions to build, connect and lead*. This new plan will align the Administration's economic development programs, funding, and legislative efforts to address challenges and foster opportunities over the next four years.

PILLARS & PRINCIPLES





PILLARS

Respond to the Housing Crisis

Massachusetts is in a housing crisis. The Commonwealth's growing economy and low rate of housing production has led to housing costs that strain people, businesses, and communities. Today, housing production rates are half of what they were in the 1980s. As a result, Massachusetts is among the most expensive states to buy, or rent, a home. Over the next four years, the Administration will continue to focus on the need to preserve and produce more housing for families at all income levels, create homeownership opportunities for populations that face structural barriers, and support dense development clustered around transit.

Build Vibrant Communities

Partnerships for Growth emphasizes the importance of communities as engines of economic growth. It focuses on supporting neighborhoods and spaces, and recognizes that infrastructure plays an outsized role in supporting quality of life for residents and providing opportunities for businesses. The Administration is committed to building on four years of infrastructure investment to create local economic growth by collaborating with local leaders, municipalities, and employers to embrace new opportunities and address challenges across the Commonwealth.

Support Business Competitiveness

Massachusetts is an attractive and competitive home for a diverse set of industries. By focusing on competitiveness, *Partnerships for Growth* seeks to enable robust economic growth across communities, businesses, and sectors. This plan builds on the strength of Massachusetts' innovation ecosystem, which includes the life sciences, advanced manufacturing, defense, and healthcare clusters, and aims to leverage emerging sectors like artificial intelligence and robotics. Capitalizing on local and regional strengths, a robust small business ecosystem, and the state's diverse community of entrepreneurs, *Partnerships for Growth* will further foster an environment that encourages growth. Over the next four years, the Administration will focus on the cost of doing business in Massachusetts, ensure that public policy and programs have significant employer engagement, capitalize on the strengths of small business, and support established and emerging clusters.

Train a Skilled Workforce

Connecting people to jobs and creating robust pathways to high-value careers is key to economic development in the Commonwealth. In order to accomplish this goal, it is critical that the Commonwealth focus on improving the ability of students and adult learners to develop marketable skills, access high-quality training, and earn credentials in pathways that support economic mobility. Massachusetts will also need to focus on engaging employers, aligning training providers with employer needs, and preparing workers for the jobs of the future.



PRINCIPLES

Regional Strategies

Massachusetts' regions, and their economies, have varied needs. From the blue economy on our coast, to advanced manufacturing efforts in the Merrimack Valley, our regions have natural economic distinctions. Over the past four years the Workforce Skills Cabinet has worked in concert with regional stakeholders to identify strengths and opportunities in each of the state's seven regions. Building on this work by strategically investing in industry clusters informed by local strengths, employers, and talent is critical. This plan aims to identify regional economic dynamics and bring the most applicable state programs and tools to bear in concert with our community and industry partners.

The Baker-Polito Administration is also committed to addressing regional challenges like housing production. Housing needs depend on hyper-local factors but are influenced by regional markets. Weak markets make investment in properties more difficult, leading to distressed and abandoned homes. Officials in Gateway Cities know that market rate housing is vital to long-term revitalization, but construction is expensive. And in the Greater Boston region, local zoning ordinances have limited housing density, inflating prices and forcing families to move further away from economic opportunity. This trend increases dependence on cars and results in congestion and increased transportation emissions. Like many challenges that Massachusetts faces, these require a multifaceted response. Over the next four years, the Administration will focus on understanding regional needs and creating regionally targeted solutions.

Accessible Government

The Baker-Polito Administration is committed to creating an environment where residents, businesses, and communities can more easily navigate state programs and access funding opportunities and technical assistance. For some communities, especially small rural municipalities, limited resources and time can affect capacity to apply for state resources. Small businesses can find it challenging to comply with regulatory processes without the aid of legal counsel. Job seekers looking for training and opportunities often need to navigate complex systems to identify attractive career pathways. And real estate developers looking to build new housing face difficult local systems that too often require significant financial and legal resources beyond what is required in peer states.

During the Baker-Polito Administration's first term the executive branch conducted a comprehensive regulatory review. As a result, the Administration rescinded nearly 300 regulations and amended more than 800. Building on this work, and creating public systems that are simple, clear, and easy to navigate will help communities, people, and businesses to reach their full potential. Over the next four years the Administration will focus on increasing awareness of, and access to, state resources.

This commitment will require working across cabinet agencies to ensure that all resources of the Commonwealth are coordinated on these goals, as exemplified by the Workforce Skills Cabinet and other cross-secretariat work. The Baker-Polito Administration will build on that success in order to collaborate and address barriers to productivity and prosperity.

PRINCIPLES

Continued

Environment

The Baker-Polito Administration recognizes that the climate is changing. It is critical to prepare our communities, our economy, and our workforce to be resilient and ready for the innovative responses such changes demand. The Commonwealth is working to decrease emissions while investing in more resilient infrastructure. In 2018, Governor Baker signed bipartisan legislation authorizing more than \$2.4 billion in climate change resiliency investments and codifying essential components of an integrated strategy for climate adaptation. In addition, the Administration has joined the Regional Transportation and Climate Initiative effort to limit transportation sector greenhouse gas emissions to augment work done by the Commonwealth through state programs and initiatives like the Municipal Vulnerability Program.

The Commonwealth is committed to building on this work and driving economic growth and business expansion through investments in green energy production like offshore wind, energy efficiency, energy storage, and sustainable forestry. By making regionally-targeted investments in key industry clusters the Administration will create and grow job centers in strategic locations across the state that help to reduce congestion, land consumption, and greenhouse gas emissions. And, over the next four years, the Administration will ensure that climate change mitigation strategies are considered in all economic development grant awards.

Equitable Opportunity

The Massachusetts economy has been growing rapidly for more than four years. By many measures, the Commonwealth is in an enviable position. Businesses have created more than 200,000 new jobs since 2015, unemployment has remained below 4% for more than three years, and labor force participation rates have risen to near-record levels. However, many people have not been able to share in the prosperity and growth that has been generated.

Expanding opportunity and growth to people and places that have not benefitted fully will have significant positive effects on families and communities. The Governor's Black and Latino Advisory Commissions both outlined strategies in their reports that emphasized student performance, workforce advancement, and business competitiveness, and the Administration believes that these recommendations offer a clear path forward.

Over the next four years the Administration will build on investments in high schools and community colleges, create new pathways into well-paying jobs, and enhance access to capital, space, and networks for women- and minority-owned businesses. This will not only address some of the core needs of underserved and vulnerable communities and populations, it will also help to unlock economic growth in all areas of the Commonwealth.

PRINCIPLES

Continued

Infrastructure

Robust public investment in infrastructure can help to unlock economic expansion and set the stage for neighborhood and community growth. Investment opportunities are as varied as the communities they support. Many Gateway Cities have vacant mill buildings that need investment to enable them to respond to future needs. Hill towns in the Pioneer Valley and the Berkshires need broadband capacity for local residents and businesses to connect to the global economy. And fishermen on the coast need investment in marine infrastructure to sustain their livelihoods.

Since 2015, the Administration has awarded four full rounds of MassWorks infrastructure funding, totaling nearly \$400 million to 184 projects in 128 communities across the state. Additionally, through the newly created Dredging Program, the Administration has supported coastal economic development infrastructure in eleven communities, and MassTech's broadband efforts have enabled 15 communities across Western Massachusetts to increase internet access among residents and businesses, while providing routes forward for all remaining unserved towns.

While the Administration has made significant investments in local infrastructure, opportunities still remain to facilitate more growth. Additional investment in transportation, and improving transit outside of the inner core by better supporting regional transit options, will result in increased mobility and opportunity for residents across the state. Over the next four years the Baker-Polito administration will continue to partner with municipalities, residents, and employers to make investments in local and regional infrastructure in ways that connect people and businesses to economic opportunity.



*Lt. Governor Polito tours the water and landside improvements at Saquatucket Harbor in Harwich supported by the Seaport Economic Council.
[Joshua Qualls/Governor's Press Office]*



RESPOND TO THE HOUSING CRISIS

Policy Background

Massachusetts is in a housing crisis. Over the past 30 years, housing production in Massachusetts has plummeted. Between 1960 and 1990, Massachusetts communities permitted almost 900,000 new housing units, but between 1990 and 2017, communities permitted less than 435,000 units. This decrease in production is directly tied to decisions made by localities to reduce density, decrease by-right zoning, and shift permitting decisions to political bodies, thereby slowing permitting processes and increasing costs for builders. The combination of a growing economy, with nearly 400,000 new jobs created between 2010 and 2017, and a slowing rate of production, with barely over 100,000 new housing units created in the same period, has created massive market pressure on home prices and rents.

As a result, Massachusetts' home prices have grown faster than any other state in the country, and rents have doubled within some communities over the past 20 years. In 2017 more than 30% of all households – and more than 50% of households making less than \$100,000– were cost burdened, paying more than 30% of their income in rent.

Affordable housing has been a centerpiece of the Baker-Polito Administration's work since 2015. It was highlighted in *Opportunities for All*, and it remains vital in *Partnerships for Growth*. Since January 2015, the Administration has invested more than \$1 billion in affordable housing projects, created or preserved more than 15,000 affordable units, and made significant reforms to expand the use of the Housing Development Incentive Program and Urban Center Housing Tax Increment Financing.

To address the housing crisis, Massachusetts needs to rethink how the state approaches housing production. Municipalities will need to permit more housing of all types, including market rate housing in Gateway Cities, small multi-family buildings in rural and suburban town centers, and extremely low-income units across the Commonwealth. This plan aims to spur production that meets local, regional, and statewide needs in order to support people and families and sustain economic growth.



RESPOND TO THE HOUSING CRISIS

Policy Objective

Housing prices and production are statewide issues that can only be solved in partnership with municipalities and communities. *Partnerships for Growth* prioritizes effective and actionable solutions to this crisis by acknowledging regional differences. The inner core can use market forces to create new deed-restricted affordable units while Gateway City developers need subsidies to produce even market rate units. Rural developers face construction costs that are similar to strong markets, but without the benefits of large-scale production opportunities and higher market values. Understanding and addressing these challenges is key to growth, and this plan calls for the development of innovative solutions that leverage local assets to create new production opportunities in communities of all types.

Partnerships for Growth also focuses on where housing is built. Creating dense housing in downtowns and near existing transportation infrastructure and employers helps to reduce costs for families who might otherwise need to commute long distances. It also helps to reduce greenhouse gas emissions, sustain local downtowns, and enable vulnerable populations to access housing in desirable neighborhoods. Promoting this kind of production requires changes in zoning and an emphasis on transit-oriented development.

This plan recognizes the challenges many people face in accessing housing and homeownership opportunities. A lack of credit, high down payment requirements, or a loss of equity in the Great Recession continue to restrict access to wealth-building opportunities. Providing resources for underserved communities and families will help to build long-term wealth and support economic growth.

Spurring market-rate, transit-oriented housing in Haverhill, Lowell

Changes made to the Housing Development Incentive Program (HDIP) in the 2016 Economic Development Legislation made the program more accessible for developers in Gateway Cities. This was done by enabling DHCD to modify the program and implement new policies, including doubling the value of the tax credit and allowing new construction projects into the program.

Two projects sponsored by Lupoli Companies that received HDIP tax credits will bring 106 new market-rate units to these cities. In Haverhill, The Heights is one of the first new-construction projects advanced with HDIP tax credits and, once completed, will bring 45 new market-rate units and commercial space to downtown. In Lowell, the Thorndike Exchange transformed a former mattress factory into 61 market-rate, transit-oriented units with restaurant space and offices in the city's Hamilton Canal District. The district has benefited from significant state investment, and is home to the UMass Lowell Innovation Center, the Massachusetts Medical Device Development Center, new housing, and enhanced amenities and commercial options for residents.



RESPOND TO THE HOUSING CRISIS

Strategic Goals

Housing Production

- Enable the creation of new housing, including multifamily units, condos, and starter homes, in smart locations in order to increase availability and moderate prices.
- Local zoning should prioritize housing in town centers and near transit, in order to reduce costs to families, dependence on cars, and carbon emissions from transportation.
- Ensure that new housing is designed to reduce carbon emissions and be resilient to climate change impacts.

Housing Stability

- Increase housing stability in minority and low- and moderate-income populations by expanding homeownership and reducing the homeownership gap.
- Ensure that people across the income spectrum, including extremely low-income families and minority communities, are able to access housing and supportive services that meet their needs.

Housing Innovation

- Explore new models that support the development and financing of new housing construction.
- Leverage local assets, regional partnerships, and innovative solutions to address the cost of materials and the cost of production.

Housing in Regions

- Address barriers to production and preservation that impact the ability of all regions in Massachusetts to respond to the housing crisis.



Governor Baker signing the largest housing bond bill in Massachusetts history into law.

[Rachel Mandelbaum / Governor's Press Office]



Secretary Mike Kennealy and Undersecretary Janelle Chan speaking with an affordable housing developer in Lawrence.
[EOHED Photo]



BUILD VIBRANT COMMUNITIES

Policy Background

Building strong communities in Massachusetts is essential to advancing economic development. The Baker-Polito Administration is committed to partnering with all 351 cities and towns to realize their economic potential and to ensure that residents live, work, and play in vibrant communities. Residents and businesses both benefit from communities filled with cultural activities, educational opportunities, and economic potential. These communities, and their local businesses, serve as the backbone of Massachusetts' economic success.

The Commonwealth's history of strong local government means that economic development will always be best served by robust partnerships between municipalities and the state. Continued growth relies on an alignment of local, regional, and state-wide efforts to enable innovation, improve infrastructure, and connect workers to employers. The MassWorks program, and its coordination of locally-driven opportunities with state resources, is a prime example of how to effectively align efforts and create opportunity in communities that are prepared for growth.

Partnerships for Growth aims to enable communities, municipalities, and regions to reach their potential by encouraging smart, sustainable development that will address the challenges that rural, suburban, and urban communities face.

Partnering with Chatham to boost commercial fishing

The Seaport Economic Council (SEC) advances the Baker-Polito Administration's support for communities and residents across the state by leveraging unique economic assets to drive sustainable regional growth. The council's capital grant program supports working waterfronts, local tourism, coastal resiliency, and maritime innovation.

The Town of Chatham received \$1.08 million from the SEC in 2015 to undertake significant repairs and improvements to the Old Mill Boat Yard, which supports commercial and recreational boating, complementing the Town's \$500,000 investment. Given Stage Harbor's importance as the largest commercial fishing fleet on Cape Cod and the third largest in Massachusetts, the upgrades supported by the SEC played an essential role in strengthening Chatham's infrastructure and economy and allowing fishers to properly care for their fleets.





BUILD VIBRANT COMMUNITIES

Policy Objective

Over the last five years, the Baker-Polito Administration has prioritized preparing communities for success, with a focus on connecting communities to opportunity, fostering local leadership, investing in infrastructure, creating attractive spaces, and balancing regulations to facilitate growth. As a result, the Administration signed Community Compacts with every municipality in the Commonwealth, as well as a municipal modernization bill in 2016 that supported local growth, and awarded more than \$4 million in site readiness funds to help enable locally-driven development.

This plan focuses on continued investment in people and places. The Transformative Development Initiative has proven that bringing together residents, decision makers, and state resources can help build strong communities. Continuing to build local capacity and connect leaders to opportunities for investment will enable economic development that meets local needs.

The Administration also knows that community needs vary widely, and that different regions of the Commonwealth face different challenges. Recognizing these variations, and building on the regional blueprints developed by local leaders in partnership with the Workforce Skills Cabinet, the Baker-Polito Administration will ensure that programs are able to address challenges, create opportunities, and build strong, livable, and attractive communities from Pittsfield to Provincetown, and everywhere in between.

Accelerating economic growth and development in Brockton

MassDevelopment's Transformative Development Initiative (TDI) is a program for Gateway Cities designed to accelerate economic growth within focused districts. Downtown Brockton was designated a TDI district from 2015-2019, with a TDI fellow working in the community for the final three years to help local partners attract a broader mix of businesses and residents that could contribute to the city's financial viability and increase vibrancy downtown.

Through MassDevelopment's Commonwealth Places program, PROVA! – meaning "proof" in Cape Verdean Creole – organizers crowdfunded \$84,440 and received a \$50,000 matching grant to transform a vacant predevelopment site in downtown Brockton with furniture, booths for vendors, entertainment spaces, and performance areas. PROVA! ran successfully for 24 nights in summer 2018, attracting more than 4,000 visitors and generating more than \$30,000 in revenue for 12 local food and beverage establishments, and set up shop again in summer 2019. This project underscores TDI's role in supporting stronger communities while catalyzing private investment, entrepreneurship, and bricks and mortar real estate development.



BUILD VIBRANT COMMUNITIES

Strategic Goals

People & Places

- Support the people, places, and businesses that make communities attractive, vibrant, and sustainable.
- Build community capacity that can support locally-driven and locally-beneficial growth.
- Enable the development or redevelopment of buildings and areas with potential to drive greater economic prosperity.

Infrastructure

- Invest in community infrastructure including broadband, resiliency, utilities, water and sewer.
- Support transportation options suited to local and regional needs.



Governor Baker joins Mayor Thomas McGee and other Lynn officials to break ground on the YMCA of Metro North Lynn Family Branch expansion supported by a \$4.8 million MassWorks grant. [Mario Pasco/YMCA]



In Blandford Governor Baker and Lt. Governor Polito observe a “core bore,” the drilling required to replace outdated utility poles, part of the administration’s efforts to deliver broadband internet to unserved communities in western Massachusetts. [Joshua Qualls/Governor’s Press Office]

Accessible State Government

- Simplify and clarify the tools offered to communities by state and quasi-public agencies.
- Improve coordination, consolidate programs, streamline processes, and increase transparency of state and quasi-public programs in order to expand access to resources.

Regions & Hubs

- Create opportunities for growth in regions and hubs, acknowledging the different needs of inner core cities, regional centers, suburbs, and rural areas.
- Provide capacity and assistance to communities to support municipal and regional planning efforts and capitalize on touchpoints.



Lt. Governor Polito visits the Mason Square Apartments development (pictured with Representative Bud Williams and former Representative Benjamin Swan) to highlight efforts to revitalize neighborhoods around Springfield. [Joshua Qualls/Governor’s Press Office]



SUPPORT BUSINESS COMPETITIVENESS

Policy Background

The Baker-Polito Administration supports businesses of every size, in every sector, across every region of the Commonwealth. All industries benefit from Massachusetts' core strengths: a highly skilled workforce, an environment that encourages and facilitates innovation, and vibrant communities. These strengths have driven significant economic growth and job creation. Since 2015, more than 200,000 new jobs have been created, and unemployment has remained below 4% for more than three years.

While this growth is welcome, economic prosperity is not evenly distributed. Statewide numbers mask decreasing populations and jobs in many rural communities, higher unemployment rates in Gateway Cities and among people of color, and the proliferation of low-paying jobs.

Competing in a connected, global economy requires Massachusetts' clusters to leverage competitive advantages in the Commonwealth to offer products and perform research that cannot be duplicated anywhere else. Massachusetts must continue to foster a friendly business environment with sensible regulatory, tax, and public policy initiatives. In addition, the state should continue to support industry clusters that employ our residents, support our communities, and generate revenue for our cities and towns.

Over the last four years, the Baker-Polito Administration has demonstrated a commitment to industry partners. Governor Baker signed a \$623 million Life Sciences bill to re-focus Massachusetts' efforts on emerging needs, established a new cyber-security center at MassTech, worked with the Digital Health Council to advance the sector in Massachusetts, and partnered with the federal government to commit nearly \$100M to advanced manufacturing research and development. Supplementing this work, the Commonwealth has used the Military Asset and Security Strategy Task Force to better link military installations to Massachusetts' innovation economy and economic development activities.

The Administration has also increased its commitment to supporting small businesses. The Administration and legislature worked together to increase technical assistance for small businesses through the Massachusetts Growth Capital Corporation, and new funding for community development financial institutions has increased the capital available to businesses that are not commercially bankable.

Sustaining Massachusetts' growth also requires expanding pathways to prosperity, ensuring that small businesses have access to the resources they need to grow, and supporting entrepreneurs from a diverse set of communities. Community and statewide economic vitality depends on the success of these businesses across the Commonwealth.

Strengthening the life sciences sector in the Berkshires

The Baker-Polito Administration is committed to building on Massachusetts' leadership in the global life sciences industry, and ensuring its opportunities extend



beyond the traditional hubs of Boston and Cambridge. The Massachusetts Life Sciences Center's Tax Incentive Program offers incentives to life sciences companies to conduct cutting-edge research and create long-term jobs across the Commonwealth. Since 2015, MLSC has awarded more than \$77 million in tax incentives to 84 companies, resulting in the creation of 4,935 new jobs.

In Lee, incentives worth \$710,000 from MLSC supported the 2016 opening of Berkshire Sterile Manufacturing, an advanced manufacturer of biopharmaceutical products. Three years later, the company continues to grow and has won numerous awards, manufacturing pharmaceuticals for roughly 85 different companies while increasing their workforce from 27 to 75 employees. Since 2015, MLSC has also supported 22 internships with Berkshire Sterile through the MLSC Internship Challenge Program.



SUPPORT BUSINESS COMPETITIVENESS

Policy Objective

The Commonwealth will continue to foster a business climate that encourages industry leaders, innovative companies, and entrepreneurs to come, stay, and grow in Massachusetts. Investing in infrastructure and technology to support industry clusters and maintain their competitive advantages pays dividends over time. The Massachusetts Life Sciences Center and Massachusetts Technology Collaborative have proven successful at investing in this way.

The Commonwealth will build on this successful track record to foster the clusters of the future. Promising opportunities include artificial intelligence, financial technology, robotics, and quantum computing, among other innovative fields surfacing every year. Effectively supporting these clusters and moving quickly to establish a talent and investment base is key to maintaining Massachusetts' position as a center of cutting-edge research and development. The Commonwealth will also continue to build on its successful efforts to attract and support new and growing businesses. Over the next four years, the Administration will increase outreach to small businesses and entrepreneurs in order to understand their needs and address their challenges. Outreach will focus on helping businesses access the capital, space, technical assistance, and diverse workforce needed to grow.

Finally, *Partnerships for Growth* recognizes that cost and regulations imposed by the state, and by local governments, may hinder growth. Protecting people, communities, and environments is the first priority for governments, but consistent review of regulatory requirements will help to ensure that regulations are appropriate and enhance the safety and quality of life of those living, working, and doing business in Massachusetts.

Supporting jobs and entrepreneurial activity in the Pioneer Valley

The goal of the Collaborative Workspace Program is to accelerate the pace of new business formation, job creation, and entrepreneurial activity in communities by supporting infrastructure that fuels community-based innovation. In June 2016, Make-It Springfield opened its doors as a one-month pop-up project aimed at activating an empty storefront in the heart of downtown Springfield, holding more than 40 workshops during its first 30 days before organizers began work to go from “pop up” to “permanent.”

Still going strong several years after its opening, Make-It Springfield is a community incubator and workshop space where people can make, create, and share their skills and tools. In 2017, MassDevelopment awarded a \$25,000 Collaborative Workspace seed grant to help Make-It Springfield plan for a sustainable future. The organization used this funding to study the feasibility of securing a new space for Make-It to address significant limitations found at its existing location and to implement a strategic plan focused on board development, organizational structure, membership, and revenue growth.



SUPPORT BUSINESS COMPETITIVENESS

Strategic Goals

Business Climate

- Protect people, communities, and the environment while minimizing compliance burdens associated with local and state regulations.
- Streamline the licensing and permitting process to help businesses grow.
- Address infrastructure needs across the Commonwealth in order to enable businesses to compete, attract talent, and grow.

Key Clusters & Industries

- Support and build industry clusters that capitalize on regional competitive advantages.

Small & Growing Businesses

- Enable entrepreneurs and small businesses, especially those owned by women, immigrants, veterans, and people of color, to access affordable capital, space, technical assistance, and other resources.
- Simplify and clarify the resources provided by state and quasi-public agencies to businesses in order to more effectively support growth.

Innovative Technology Transfer

- Capitalize on the research and innovation occurring at local colleges and universities in order to drive company creation, commercialization, and economic growth.
- Leverage talent and innovation emerging from our higher education institutions.



Governor Baker speaking with a small business owner in West Stockbridge.

[Alastair Pike / Governor's Press Office]



Secretary Mike Kennealy announcing small business technical assistance grants in Harwich.

[Joshua Qualls/Governor's Press Office]



TRAIN A SKILLED WORKFORCE

Policy Background

Massachusetts' primary competitive advantage is our highly-skilled and well-educated workforce. The vast majority of businesses cite the Commonwealth's talent as the top factor in their decision to locate and grow within the state. This is true for life sciences companies looking to locate in the Greater Boston area, for technology companies in Central Massachusetts, for seafood manufacturers in the North East and South Coast, and for precision manufacturers in Western Massachusetts. In order to continue to grow, Massachusetts must leverage this advantage and preserve our position as the most educated state in the nation.

While businesses value the Commonwealth's workforce, a gap in qualified potential hires limits business growth. This gap is partially due to a sustained period of low unemployment, but also points to the need for additional investment in workforce development. Importantly, workforce development requires the active involvement of the private sector, state government, and educational institutions, and provides an opportunity for people to learn new skills and access well-paid careers in high-demand fields.

Recognizing that these challenges require a focused government response, the Baker-Polito Administration established the Workforce Skills Cabinet in 2015 to enhance coordination around education, workforce development, and economic growth. As a result of this work, the Cabinet has awarded \$65 million to 233 programs, building pathways in HVAC, engineering, healthcare, information technology, and STEM careers, and significantly increased training funds focused on the advanced manufacturing workforce. Additionally, the Cabinet has increased funding to further support worker education and is focused on enabling more internship opportunities, especially in high-growth sectors like the life sciences and clean energy.

However, more work remains. This plan aims to better connect employers with opportunities to train and attract talent in the near term while building out sustainable workforce pipelines. Opportunities to further strengthen our workforce development programs include expanding apprenticeship programs, applied learning opportunities, and credential offerings. Giving workers pathways to gainful employment regardless of their education level – from high school diplomas, to associate and four-year degrees, and beyond – is extremely important as it will take residents of all experiences to meet employer demand.



*Lt. Governor Polito at Worcester Technical High School to announce Skills Capital Grants for new equipment.
[Joshua Qualls/Governor's Press Office]*



TRAIN A SKILLED WORKFORCE

Policy Objective

Competitive advantages that Massachusetts has historically enjoyed are at risk. An increasingly connected world that distributes knowledge rapidly, connects talent seamlessly, and de-emphasizes traditional approaches to work and learning will put new pressures on the foundations of the Commonwealth's economic engines. This trend is likely to continue as disruptions accelerate across industries.

In order to respond to these challenges, this plan focuses on maintaining a talented workforce that powers business and drives innovation, addressing workforce shortages and skills gaps by providing pathways to training opportunities and well-paying careers, and ensuring that employers play a significant role in developing and implementing training programs for the workforce of the future.

The Administration will also continue to support job seekers facing barriers to employment. Enabling people with CORI records, caretaking responsibilities, disabilities, and mobility challenges, along with marginalized communities, to access both training and jobs is essential for an inclusive workforce. This effort will continue work done by the Administration to address issues that prevent people from entering the workforce, including the criminal justice reform bill signed by Governor Baker in 2018. Moreover, this plan anticipates future workforce needs and aims to support employers, educational institutions, and workers as they rise to the challenge of meeting the changing needs of the workplace.

Partnerships for Growth focuses on creating pathways to employment in high demand fields, with an emphasis on connecting youth and adult learners to career opportunities outside of traditional educational pathways. In order to effectively execute on this goal, the Administration will need support from engaged employers who can help identify existing talent gaps and contribute to program design to help prepare our workforce for the future.

Training an advanced manufacturing workforce in central Massachusetts

The Advanced Manufacturing Training (AMT) program addresses the skills gap of one of our top industries, as identified through the statewide regional planning process. AMT is a fully coordinated manufacturing training system that meets manufacturers' employment needs, and is implemented by four regional consortia with over 130 regional partners.

The Central Region Advanced Manufacturing Consortium (CRAMC) is building on the region's rich heritage in manufacturing and leveraging its connections to the concentration of manufacturers. The CRAMC has been successful in a short time frame, meeting and exceeding its recruitment and training numbers while also establishing the regional system processes with partners on recruitment, training, and placement. The CRAMC spearheaded REMAKE 4.0, which brings employers and educational and affiliate partners together to highlight the value of maintaining a strong manufacturing industry and talent pipeline.



TRAIN A SKILLED WORKFORCE

Strategic Goals

Skills & Pathways

- Enhance access to credentialing and applied learning opportunities, and create employment pathways for youth, adults, and incumbent workers that support business growth and respond to market demands in key sectors and emerging industries.
- Provide enhanced support to jobseekers and underemployed people who face barriers to employment and earnings, including race, gender, CORI records, childcare, disabilities, and caregiving responsibilities.
- Focus on the adoption of a “life-long learning” culture across industries, communities, and workforce participants and increase awareness of career paths that lead to prosperity.

Engaged Employers

- Ensure that employers play a significant role in designing and implementing training programs that meet hiring needs by strengthening connections between private businesses, vocational schools, community colleges, and other training providers.

Systems Alignment & Regional Priorities

- Build and align internal processes to support regionally important clusters and build robust training pipelines, especially in industries identified by Workforce Skills Cabinet Regional Plans.

Mobility & Accessibility

- Connect workers, employers, and training opportunities together by emphasizing mobility and access for people at all income levels.



*Governor Baker at the Department of Correction's Automotive Technology Program in Milford.
[Alastair Pike / Governor's Press Office]*



*At Lynn Tech, Secretary Mike Kennealy (center), Secretary Rosalin Acosta, and General Electric President of Global Government Affairs Mo Cowan celebrate public-private investments in workforce training on the North Shore.
[EOHED Photo]*



PROCESS & METHODOLOGY

Massachusetts General Law Chapter 6A, Section 16G requires that:

The secretary of housing and economic development, with the assistance of economic development planning council appointed under this section, shall develop and implement a written comprehensive economic development policy for the Commonwealth and a strategic plan for implementing the policy.

On behalf of the Baker-Polito Administration, Lieutenant Governor Karyn Polito and Housing and Economic Development Secretary Mike Kennealy convened a 39-member Economic Development Planning Council, comprised of industry and academic experts, business owners, and economic development professionals to create a new economic development policy and strategic plan.

In order to understand potential opportunities and issues facing the Commonwealth, Lt. Governor Polito and Housing and Economic Development Secretary Kennealy held a series of Planning Council meetings in May, June, and October to solicit council input. Additionally, the Lt. Governor and EOHD hosted nine engagement sessions across the Commonwealth – in Salem, Springfield, Lowell, Dartmouth, Boston, Worcester, Chatham, North Adams and Framingham – with more than 1,200 attendees.

Following these engagement sessions, EOHD worked with nearly 250 organizations to host 17 deep dive listening sessions that focused on specific issues, from rural economic development to infill housing construction.

After the conclusion of these engagement sessions, the Baker-Polito Administration and the Economic Development Planning Council incorporated feedback received from the public, industry experts, economic development professionals, and others into a strategic framework. *Partnerships for Growth* will guide the Administration's economic development agenda around legislation, programs, and operating and capital budget proposals during the Administration's second term.

ACKNOWLEDGEMENTS

On behalf of the Baker-Polito Administration, EOHEd would like to thank the members of the 2019 Economic Development Planning Council, whose robust engagement with the planning process and insightful feedback drove policy creation and helped to create a strategy to encourage economic development in all areas of the Commonwealth.

Karyn Polito - Lieutenant Governor, Co-Chair

Mike Kennealy - Housing and Economic Development Secretary, Co-Chair

Rosalin Acosta - Labor and Workforce Development Secretary

Patricia Begrowicz - Owner and President, Onyx Specialty Papers

Stephen Boyd - CEO, Boyd Technologies

Cheri Butts - Associate Director - R & D, Biogen Inc.

David Crouch - Founder and Owner, Ten24

Carlos DaCunha - Senior Vice President and Chief Lending Officer, St. Anne's Credit Union

Kim Driscoll - Mayor of Salem

Pamela Everhart - Senior Vice President, Fidelity Investments

Brian Fairbank - Chairman, The Fairbank Group

Paul Flynn - President, BDC Capital, Inc.

Ann-Margaret Ferrante - State Representative, Fifth Essex District

Leslie Gould - Executive Director, Greater Beverly Chamber of Commerce

Leslie Greis - Owner/Director, Kinefac Corp

Michael J. Heffernan - Secretary of the Executive Office for Administration and Finance

Judy Herrell - Owner and CEO, Herrell's Ice Cream

Karl Hetzler - President, H & S Tool and Engineering

Wendy Hudson - Co-founder, Cisco Brewing

Sean Kinney - CEO, Berkshire Sterile Manufacturing

Michael Lauf - President and CEO, Cape Cod Health Care

Eric Lesser - Senator, First Hampden and Hampshire District

David Lucchino - Co-Founder, President and CEO - Frequency Therapeutics

Sal Lupoli - CEO, Lupoli Companies

Mike Mathis - President, MGM Springfield

Marcos Marrero - Director of Planning and Economic Development, City of Holyoke

Dani Monroe - Chief Diversity and Inclusion Officer, Partners HealthCare

Derek Oliver - Director of Government and Industry Affairs, Wayfair

Luis Pedraja - President, Quinsigamond College

Stephanie Pollack - Secretary of Transportation

Pam Randhawa - Founder and CEO, Empiriko

Dan Rea - Executive VP, Real Estate Development, Pawtucket Red Sox

Jody Rose - President, New England Venture Capital Association

Ruben Salinas - Founder, President and CEO, Parsagen Diagnostics

Dorothy Savarese - President, Cape Cod Five Bank

Katie Theoharides - Secretary of Energy and Environmental Affairs

Todd Trapp - Chief Financial Officer, Abiomed

Jean VanderGheynst - Dean, UMass Dartmouth

Robin Ward - Secretary, Homebuilders and Remodelers Association, Mid-Cape Home Centers

ACKNOWLEDGEMENTS

Additionally, EOHED would like to thank the organizations that hosted public listening sessions and issue-specific deep dive roundtables.

Bell Tower Management Group

Chatham Community Center

City Of Lowell

City of Worcester

Clark University

Framingham State University

Greater Beverly Chamber of Commerce

Massachusetts Life Sciences Center

Massachusetts Economic Development Council

Massachusetts Museum of Contemporary Art

Massachusetts Technology Collaborative

MassRobotics

Patient Ping

Roxbury Community College

Salem State University

Shea Theater

Small Town Administrators of Massachusetts

Springfield Technical Community College

TD Bank Tower

Town of Natick

University of Massachusetts, Dartmouth

nor



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