



# FROM TRANSACTIONAL TO TRANSFORMATIVE

## The Case for Equity in Gateway City Transit-Oriented Development

by Tracy A. Corley, PhD, Elizabeth Haney, Ben Forman, and Catherine Tumber, PhD

[tcorley@massinc.org](mailto:tcorley@massinc.org); [ttod@massinc.org](mailto:ttod@massinc.org)

Published May 2020



## Acknowledgements

### Our Funders

MassINC would like to thank the Barr Foundation for underwriting the Transformative Transit-Oriented Development Initiative with generous philanthropic support.

### Our Advisors

MassINC is deeply indebted to advisers who lent their time and talent to guide us through these complex issues. MassINC is singularly responsible for the analysis and recommendations that made their way into this report and for any of its shortcomings. We list these leaders here solely to thank them and our Gateway City TTOD Leadership Network for their ongoing contributions to the discussion.

Anabelle Rondon	Gil Penalosa	Lee Matsueda
André Leroux	Glynn Lloyd	Maggie Super Church
Andrea Freeman	Jarred Johnson	Margaret Keaveny
Andrew Levine	Jim Aloisi	Paul Matthews
Beth Huang	Joe Kriesberg	Sue Connelly
Christopher Coes	Julia Wallerice	Taidgh McClory
Denny Zane	Julian Agyeman	Tom Hopper
Don Bianchi	Karen Kelleher	
Elijah Plymesser	Larry Field	

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# Foreword

I began writing this report in the summer of 2019, well before coronavirus swelled into a global pandemic and disrupted the lives of so many. I finished the report in May, 2020, at a time when our communities are still fighting the virus and when "normalcy" is a hazy memory. Some colleagues and peer reviewers suggested we include Covid-19-specific data in the report. While I am incredibly thankful for their contributions, after much reflection, I decided not to focus on the pandemic in this report.

There were many reasons, but two are most critical. First, the data related to Covid-19 and its impact continue to evolve. Some communities are still in the emergency stages of the pandemic, while others are preparing for reopening businesses and public places. Such analysis is better suited for shorter documents and conversations to help us make sense of exactly how our world has and will be changing. The Gateway Cities Innovation Institute will do this in subsequent briefs that dive into specific impacts of the pandemic on municipal finance, housing, transit, density, entrepreneurship, public health, and other areas.

Second, the case for equity hasn't changed: the current pandemic doesn't nullify the basic tenets of equity and its importance to transit-oriented development. Before the pandemic hit, demographic changes, gentrification fears, socioeconomic exclusion, and geographic disparities were destroying lives and livelihoods and gutting resources from families, communities, and neighborhoods.

The current crisis has amplified the holes in insurance, social security, income, wealth, and work status as well as living conditions, technology resources, and access to jobs and services. The pandemic is driving home that people in neighborhoods with limited access to health care, disparate treatment at doctor's offices, high volumes of pollution-belching transportation, poor-quality housing, high housing costs, and long distances to jobs, grocery stores, and other basic amenities have higher rates of chronic health conditions, making them more susceptible to Covid-19 infection and death. Unfortunately, these disproportionately impacted and environmental justice communities tend to be home to large populations of people of color and can frequently be found in our Gateway

Cities. So instead of raising new issues, Covid-19 has magnified the inequities that already exist and persist.

Our team is brutally aware that the current public health crisis and coming economic depression will make it harder to do the pace and scale of TOD development that Gateway Cities need to build thriving, robust communities and economies. But that doesn't mean that we should put on the brakes and redirect our focus. We must continue to root out the underlying inequities that have allowed the virus to spread so rapidly and to be so deadly.

So while the enclosed report does not specifically analyze or call out Covid-19 and the havoc it has wrought on our communities, it does address many of the issues that Covid-19 has magnified. And part of the way forward means creating more connected, walkable, mixed-use, and mixed-income districts in our regional cities. Transit-oriented development is one approach to make this happen. We at the Gateway Cities Innovation Institute think that our existing transit infrastructure and corridors, especially our passenger rail network, provide an exceptional opportunity to start the kind of investments in people and places that will help regions across the Commonwealth recover from the public health and economic damage of Covid-19. Initiating that recovery starts with the equitable treatment of people, regardless of their means, class, race, religion, status, or place of residence.

Just as the principles outlined in this paper were important before the crisis, they will remain relevant long after our communities have recovered, whether realized in months or years. My team and I will follow up with research briefs and conversations to figure out how to operationalize and activate the framework shown here in this Covid moment and the months beyond. Until then, we invite your comments and feedback on how we can make equitable transit-oriented development both relevant and transformative for our Gateway Cities and regions.

Take care and be well,



Tracy Corley, PhD



FORMA-CON

2020

WOOD HALL OPENS  
APPEAR COUNTERPARTS,  
PLACE THE PEOPLE CAN SHOP, GATHER  
INDUSTRY OF TORONTO'S MANY CUISINES

THIS LANE

NO PARKING  
NO STOPPING



# Executive Summary

**In short:** We as a society have made choices that have led to deep inequities. Whether intentional or not, these inequities divide places, races, classes, and cultures across the Commonwealth. To bridge these divisions, policymakers, leaders, and practitioners must reframe decisions and actions with equity as an intentional outcome and part of the process. We write this paper to present a framework of how transit-oriented development (TOD) can help cities, specifically Gateway Cities, embed equity into market-based and other policy tools and practices, thereby transforming their regions through equitable growth and development.

Not all communities have benefited from the recent economic boom in Massachusetts. This reality is particularly true in Gateway Cities. These former industrial centers have struggled to regain a foothold in the decades since deindustrialization in the 1970s and 1980s. Despite impressive gains over the past few years, they still need policy supports. Specifically, these cities are sites of persistent disparities in mobility and wealth that transit-oriented development (TOD) can help correct—but only if backed by equity to yield true transformation.

In 2018, MassINC detailed actions the Commonwealth and municipalities must take to catalyze development in districts around rail stations: designating TOD districts that attract public and private investment, improving pedestrian and bike access, and aligning transit fares and service to increase ridership.<sup>1</sup> Transformative TOD leverages equitable environmental, fiscal, and growth benefits to create a virtuous cycle of benefits that are lacking in transactional TOD, or the practice of developing property near a transit station with little or no effort to improve the quality of life or advance the economic prospects of people and businesses in the district and surrounding neighborhoods.

## Why Equity is Central to Transformative TOD

This report expands on our 2018 recommendations and lays the groundwork for a series of future policy briefs that will explore the issues covered here in more depth. We call for infusing equity into TOD policies and practices for four specific reasons:

- Over the past 50 years, demographic change has divided people and communities socially and economically in Gateway City metropolitan regions.
- Gentrification fears have surged in Gateway Cities' weak real estate markets, where increasing property values threaten to destabilize households and neighborhoods, strip cities of their cultural vibrancy, and put vulnerable residents at risk of displacement and homelessness.
- Local and nationwide histories of socioeconomic exclusion—particularly along racial and cultural lines—persist today. These histories have exacerbated wealth gaps and income inequality and require both acknowledgement and correction.
- Finally, a false policy dichotomy that supports either large “urban” or small “nonurban” communities ignores the vital role Gateway Cities play as regional hubs for surrounding towns and cities, thus deepening geographic disparities across the Commonwealth.

## Why Equity for Transformative TOD?

Transformative transit-oriented development leverages equitable environmental, fiscal, and growth benefits that create a virtuous cycle of benefits that is lacking in transactional TOD, or the practice of developing property near a transit station with little or no effort to improve the quality of life or advance the economic prospects of people living in the district and surrounding neighborhoods. In other words, transformative TOD helps Gateway Cities avoid becoming bedroom communities, or predominantly residential towns with no jobs and few social and cultural activities. We summarize the issues that can be addressed with equitable TOD as follows:

- **Demographic Change**—Equitable TOD allows for efficient and flexible uses and programming as the region’s residents and tenants change, age, and grow.
- **Gentrification Fears**—Equitable TOD keeps vulnerable and lower-wealth residents in their homes and neighborhoods while attracting new residents and businesses to stabilize, revitalize, and develop more vibrant neighborhoods for everyone.
- **Socioeconomic Exclusion**—Equitable TOD provides tools, programs, spaces, and places that advance the equitable treatment of people and communities by bridging the wealth gap, minimizing the negative effects of new development decisions, and mitigating the effects of past development injustices.
- **Geographic Disparities**—Equitable TOD leverages regional cities as sites of promise and potential, encouraging investment in these municipalities and their residents based on their assets and abilities, not just their proximity to larger metros.

## The Three Pillars of Equity for Transformative TOD

We propose three equity pillars for shifting TOD from transactional to transformative. **Integrative land use** planning and implementation ensure that people have access to the uses (especially housing), places, and amenities that support strong livelihoods and quality of life.<sup>2</sup> Unfortunately, prevailing land use policies and practices make it difficult to surmount historic inequities. To make land use integrative, we examine current and potential ways to expand investment in cities with inclusive zoning policies and practices, address the distinct housing challenges in regional cities, plan for diverse community and commercial activities (not just coffee shops), and expand open and public spaces that are welcoming to everyone. We also discuss why programming of public space is essential for equitable TOD.

The second pillar, **equitable transportation**, provides a thoughtful, well-planned mix of transportation options that minimize environmental and public health impacts, enhance geographic connectivity, foster physical and social activity, move people to where they need and want to go with minimal restrictions or barriers, and are affordable for all. Unlike Greater Boston, many Gateway Cities and surrounding communities lack access to the range of non-automotive transportation options that public transit and other infrastructure afford larger cities. We examine ways to prioritize transit in regions across the Commonwealth by integrating public and active transport into land use planning and practices, reimagining all transport as a connected system that includes frequent, reliable public transit, and implementing more equitable fare policies to encourage more ridership. Taken together, these options create equitable means of transport that center on people (not vehicles or systems) and maximize their mobility, accessibility, and connectivity.

**Inclusive economic development** forms the final pillar. It provides pathways for participation in market, wealth-building, skill-development, and educational activities, delivering sustainable livelihoods and high quality of life regardless of current age, ability, education, and skill level. Regional cities differ from large metros in that they have fewer resources and less service capacity while shouldering similar cost burdens. We examine how Gateway Cities have fostered and can foster inclusive economies by being intentional about including a

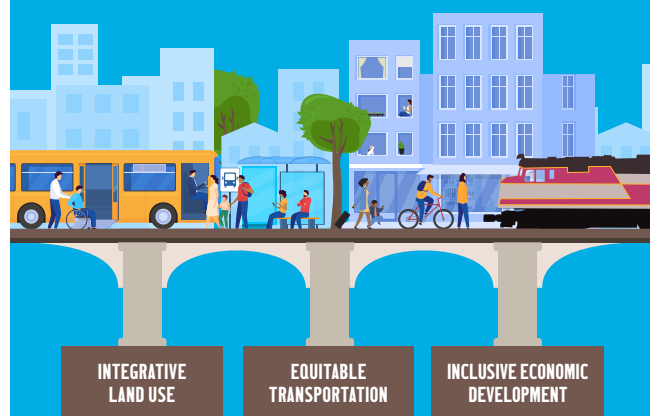
variety of people and industries in development, investing in anchor institutions and innovation coalitions, and promoting and supporting local ownership and wealth-building through small-business ecosystems. Gateway Cities are currently using strategic planning, corridor-based entrepreneur ecosystems, business accelerators and incubators, and innovative capitalization programs to create inclusive economies, but we could be doing more to support these efforts and to help municipalities diversify their revenue streams.

## The Vital Link: Joint Local Planning

These three pillars of equity—integrative land use planning, equitable transportation, and inclusive economic development—can help make TOD transformational for all who live in our Gateway Cities, but they are insufficient in themselves. We show that equity-focused comprehensive planning is critical to supporting each pillar. Comprehensive planning coordinates all three areas of policy and practice so that various teams, departments, and stakeholders can move to both a shared vision and a platform for thinking through how decisions in one area can deliver benefits and adverse effects in another. Today, 21 of our 26 Gateway Cities have recently begun or completed comprehensive plans that integrate all three pillars. The lack of regional or state-level planning priorities across the pillars poses a significant risk to equitable land, transportation, and economic development in our Gateway City transit-oriented districts and nearby communities. This report looks at steps that have been taken to overcome this risk and considers what more can be done to encourage TOD practices that help meet other statewide and regional goals.

## Conclusion

To be transformative rather than simply transactional, TOD must include equity as a measurable and an aspirational goal that improves social and economic health and well-being. This report sets a framework for a series of in-depth briefs on topics most relevant to statewide decision-making about TOD policies and practices. Our hope is that policymakers currently debating how to address uneven development and investment in places and people across the state will conclude that tackling inequity in all dimensions of transit-oriented development is essential to a flourishing Commonwealth.



### Transactional to Transformative: Equity Pillars in TOD

- **Integrative Land Use**—Land use planning and implementation in equitable transit-oriented communities ensure that people have access to housing, jobs, activities, and amenities that lead to strong livelihoods and quality of life.
- **Equitable Transportation**—Equitable transportation provides a thoughtful, well-planned mix of transportation options that minimize environmental and public health impacts, enhance geographic connectivity, foster physical and social activity, move people to where they need and want to go with minimal restrictions or barriers, and are affordable for all.
- **Inclusive Economic Development**—Inclusive economic development incentivizes investments and distributes public goods in ways that enable all people to participate in market, wealth-building, skill-development, and educational activities, delivering a mix of pathways to sustainable livelihoods across ages, education levels, skillsets, abilities, and family-of-origin wealth.



S0901

Logo on the back of the cyclist's blue shirt, featuring a red cross and some illegible text.

# Introduction

**Over the past decade, Massachusetts has been booming.** Population has risen by roughly 300,000 people since the Great Recession concluded in 2009, and GDP has increased from \$391 billion to \$568 billion—a 45 percent gain. Between 2010 and 2018, the median household income rose from \$62,072 to \$83,345.<sup>3</sup> Given these impressive gains, one would think that all communities across the Commonwealth would be thriving. In reality, some places, notably the 26 Gateway Cities, are not. These modest “working cities” suffered through deindustrialization in the 1970s and continue to battle the recession’s devastating effects: land values fell as much as 44% during the recession and have yet to fully recover. Most, particularly those more than a dozen or so miles from Greater Boston, have seen incomes, economic output, and populations flag or shrink since their peak years. In some transit-oriented neighborhoods, median household incomes are as low as \$14,400. The disparities are glaring (see Figure 1).

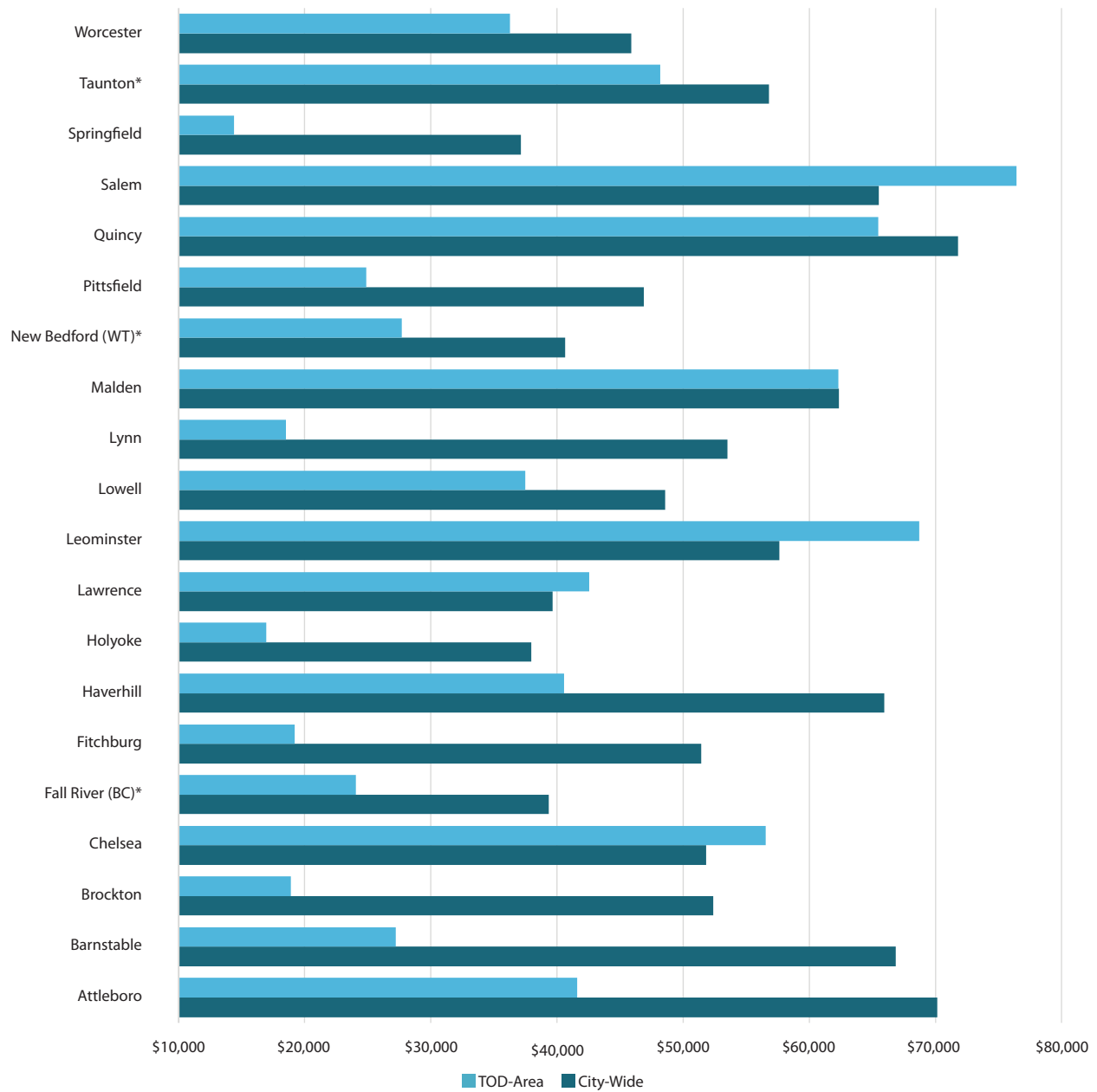
The persistent disparities across our Commonwealth show that we must prioritize equity in state and local policies and practices. An equity framework should include upwardly mobile pathways for all, reduction of wealth inequality, and equal access to services and public goods.<sup>4</sup> The most direct way to address inequity lies in how we distribute policy benefits and burdens. But equity should do more than rationalize distribution. Decades of disinvestment in Gateway Cities and communities beyond Greater Boston require extra attention to attract private investment, to upgrade schools, housing, and transportation systems, and to compensate for the excessive, disproportionate cost burdens they have shouldered in addressing the opioid, foreclosure, and other crises. Where people call home, much less their demographic characteristics, should not restrict access to decent jobs, clean air and water, educational opportunities, cultural activities, social services, and other amenities that make for opportunity and a strong quality of life.

State and local policies can tee up these cities and their residents for stronger participation in the Commonwealth’s prosperity. Yet, many current policies reward those who live in or near Greater Boston and perpetuate stigmas based on race, migration background, socioeconomic status, and wealth. These policy choices make huge differences in peo-

ple’s life chances, creating inequities in mobility, wealth, and access to opportunity. Recent MassINC research has revealed how transit fares, education funding, and electoral systems perpetuate these disparities.<sup>5</sup> Other research points to exclusionary zoning and limited resources for combatting employment and housing discrimination as additional culprits.<sup>6</sup> Inequities abound across systems and policy areas in our Commonwealth.

Equitable transit-oriented development (TOD) can help overcome these inequities. Consider our commuter rail infrastructure. This rail network is a public good, yet it has been exclusionary in its design, funding, and operations by giving priority to shuttling workers to and from downtown Boston for 9-to-5 white-collar jobs. Such a system provides upper- and middle-income workers with affordable transportation alternatives that are prohibitive for even moderate-income households, and it does nothing to enhance the prospects of more far-flung Gateway Cities. Current scheduling practices, rail-fare structures, and other policies governing commuter rail services do not promote equal access for all, fail to connect people to jobs, schooling, services, and entertainment, increase transportation costs by limiting options, and do little to increase mobility—physical, social, or economic. Alternatively, equitable TOD calls for expanding the rail network

**Figure 1.** Comparison of Median Annual Household Income in Gateway City Transit-Oriented Districts with City-Wide Median Income



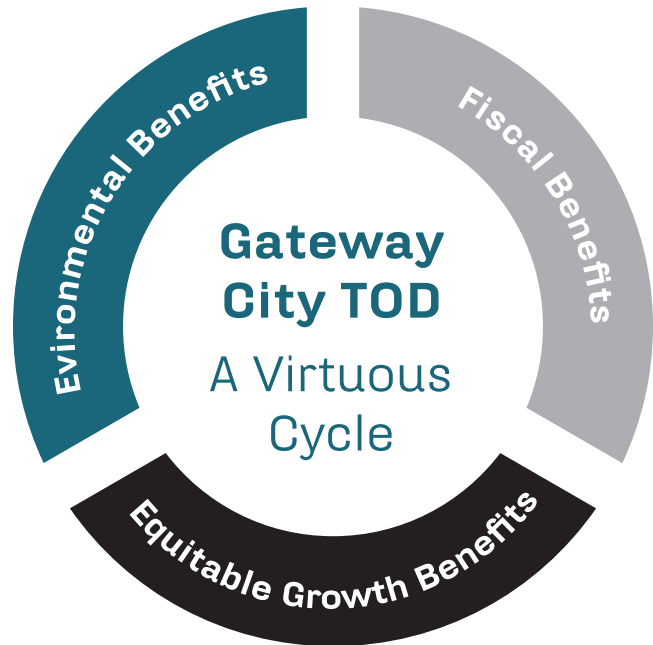
Source: American Community Survey 5-year estimates (2013–2017)

across the state, expanding regional bus and shuttle frequency and reliability, enhancing options for reverse commutes and connections to Gateway City jobs and services, developing station areas in ways that are compact and affordable, and adjusting fares and scheduling for buses and trains to meet the needs of Gateway City residents and employers.

Equitable TOD also offers a chance for the Commonwealth to channel projected population growth into Gateway Cities—a multi-pronged solution for meeting climate goals and charting a more sustainable future. In doing so, it can produce higher market rents to cover the costs of new construction and renovations with fewer subsidies while generating higher tax assessments, a relief for Gateway City municipal governments that today are stretched thin. These revenues could allow mayors to strengthen inspectional services, planning resources, and school investment—setting up their communities and residents for success.

MassINC’s 2018 report *The Promise and Potential of Transformative Transit-Oriented Development* detailed actions the Commonwealth and municipalities must take to catalyze development in districts around rail stations: designating TOD districts that attract public and private investment, improving pedestrian and bike access, and aligning transit fares and service to increase ridership.<sup>7</sup> Momentum to implement these recommendations is currently under way. The MBTA board has issued directives to enhance the authority’s commuter rail and bus systems with frequent, all-day service and means-tested fares. Regional Transit Authorities (RTAs) are piloting microtransit (i.e., buses and shuttles with flexible routes and schedules and on-demand ridesharing) and other service improvements. Together, transit agencies, cities, and community groups are exploring new fare policies that better meet the needs of all riders, including making buses free across the state. The legislature is debating multiple policies to improve housing production and access while lowering costs. And a transportation funding debate is under way between leaders in the legislative and executive branches of state government.

**In Gateway Cities, and their TOD districts, residents are more likely to be renters, foreign-born, low-income, and people of color.**



Equity can shift TOD from transactional to transformational through statewide commitments to delivering equitable environmental, fiscal, and growth benefits. These benefits create a virtuous cycle that is lacking in transactional TOD, or the practice of developing property near a transit station with little or no effort to advance the prospects of diverse people and businesses in the district and surrounding communities. This report builds on the 2018 report by examining how land use (including housing), economic development, and transportation solutions can help overcome current inequities, making it possible for future generations to prosper in Gateway Cities. It also sets up a framework for a series of in-depth briefs on topics relevant to statewide decision-making about TOD policies and practices. Our hope is that policymakers currently debating how to address uneven development across the state will conclude that tackling inequity in all dimensions of transit-oriented development is essential to a flourishing Commonwealth.

EVERETT  
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# Why Equity is Central to Transformative TOD

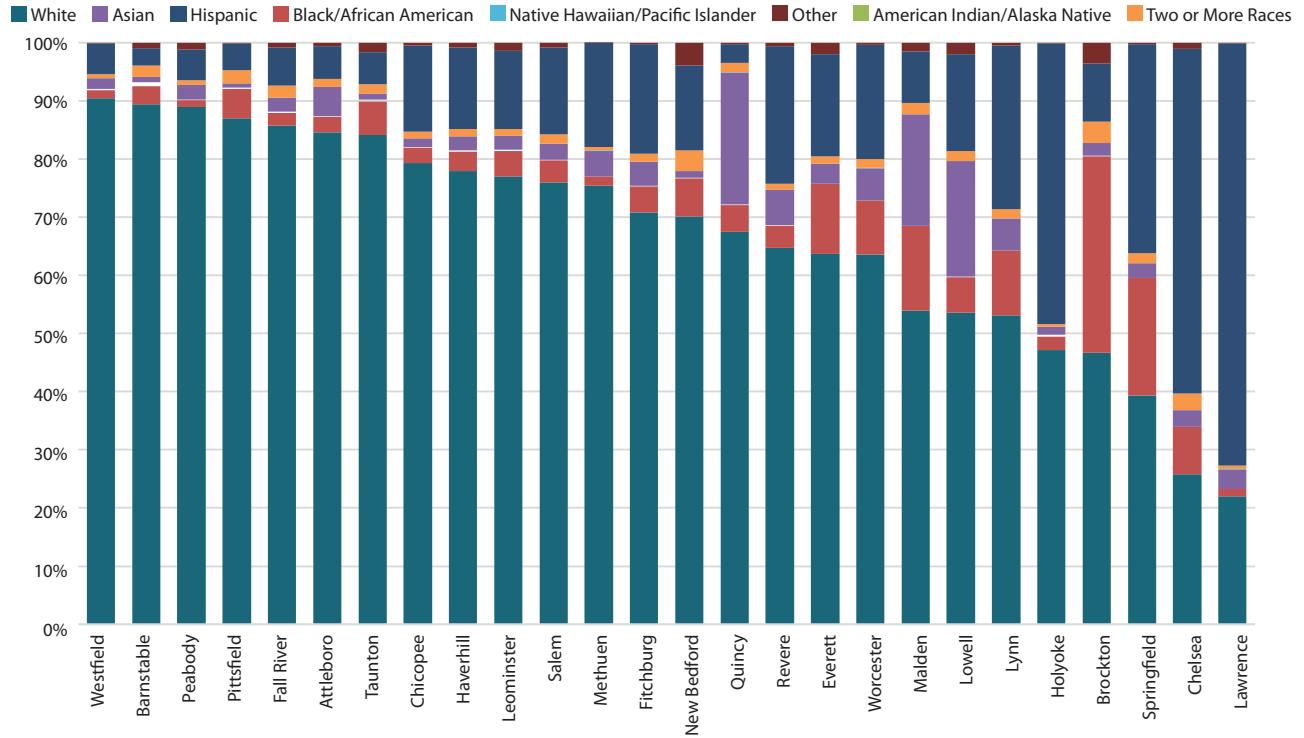
## Reason #1: Demographic Change

Unlike communities in Boston and other major cities where the wealthy have moved in and out of various neighborhoods over time, Gateway Cities have become home to a disproportionately high share of the state's low-wealth households. These post-industrial cities have attracted large numbers of domestic and foreign migrants who have been displaced by economic forces, conflict, and violence in their hometowns and home countries. Although these families have long sought opportunity and stability in Gateway Cities, crucial dynamics have changed. First, more recent waves of migrants include an increasing share of people of color, rising from 33% of the population in 2010 to 41% in 2018 (see Figures 2a and 2b). Second, these former mill towns and manufacturing centers provide few reliable employment pathways through large employers to upward mobility, falling short of local demand. Also, the recent "demographic inversion" from suburban to urban location preferences among the young and the affluent,<sup>8</sup> along with the housing market pressures emanating from Boston and elsewhere, is bringing wealthy elites and commuters to smaller cities for the first time in many decades. Whole neighborhoods in these cities are gradually shifting from working- to upper-class, especially in their TOD

areas. This transition reflects a groundswell of demographic change that has the potential to accelerate dramatically with proposed improvements to the state's rail infrastructure.

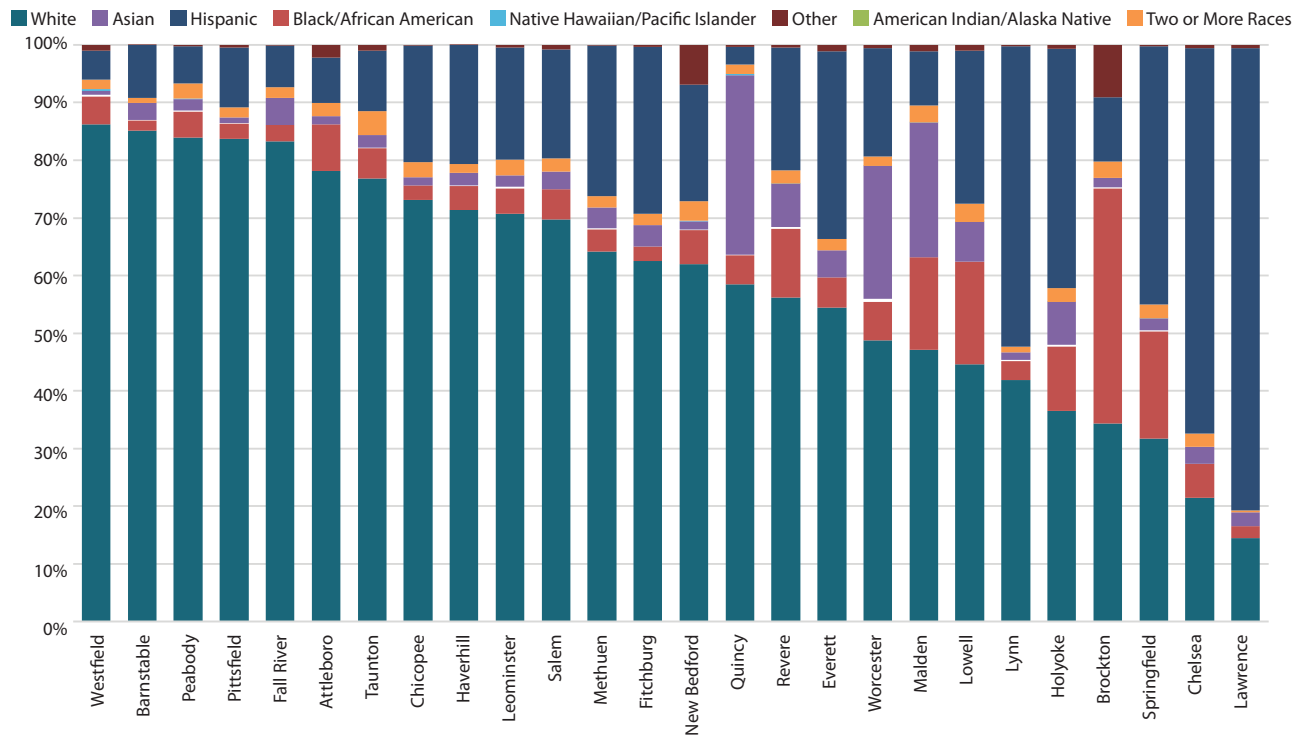
Demographic data illuminate the socioeconomic condition of Gateway City residents and demonstrate why equitable access and outcomes must be structured into TOD in these communities. Today, over a million people live in Gateway Cities with rail access, and nearly 90,000 live within a half-mile of an existing or planned commuter rail stop.<sup>9</sup> In these cities and their transit-oriented districts (roughly, the half-mile radius area surrounding passenger rail stations), residents are more likely to be renters, foreign-born, low income, and/or people of color. The 2017 statewide median household income was \$74,169, but the median income for Gateway Cities was \$51,412. For Gateway City station areas, it was even lower: just \$37,778 (see Figure 3). Poverty rates in Gateway Cities with rail stations outstripped the statewide rate: 19% compared to 11%. Although renters make up only 38% of Massachusetts households, more than half of Gateway City households rent their homes (54%), and that share increases to 76% in these cities' TOD areas.

Figure 2a. Racial and Ethnic Composition of Gateway City Residents, 2010



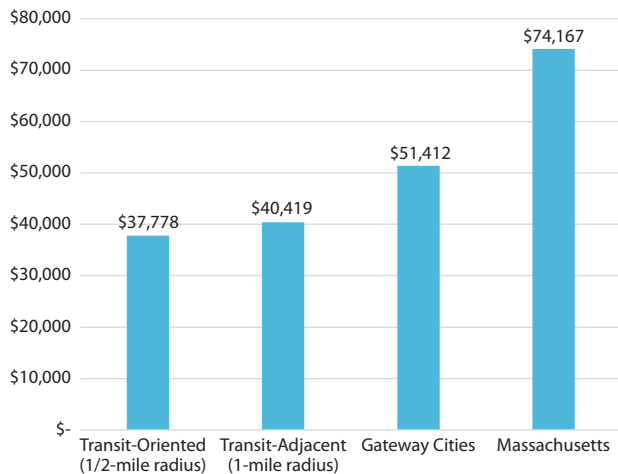
Source: American Community Survey 5-Year Estimates (2006-10), Table DP05

Figure 2b. Racial and Ethnic Composition of Gateway City Residents, 2018



Source: American Community Survey 5-Year Estimates (2014-18), Table DP05

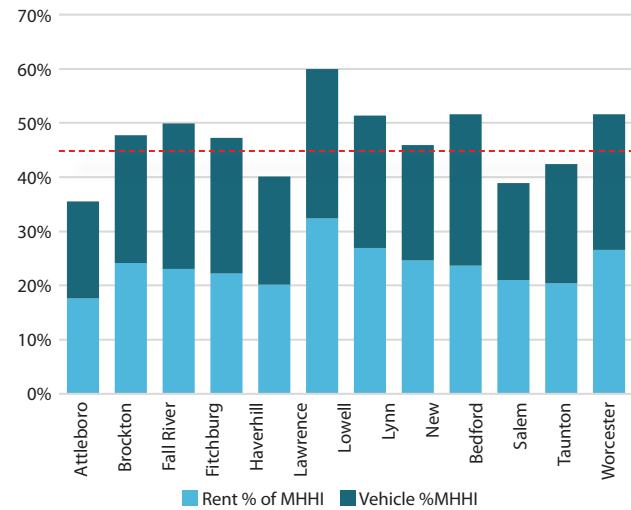
**Figure 3. Comparison of Median Household Income by Geography, 2017**



Source: Authors' calculations based on American Community Survey 5-Year Estimates (2013-17), Table B19013: Median Household Income. Income level for the transit-adjacent district is exclusive of the income in the transit-oriented district.

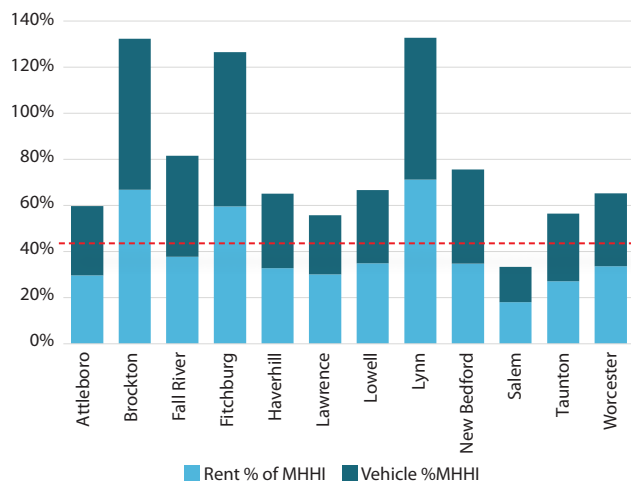
Most Gateway City renters live in market-rate housing: the share of subsidized renters is less than one in four. Regardless, most renters spend more than 30% of their income on housing, and nearly a quarter spend more than 50%.<sup>10</sup> Bringing additional stress to these cost-burdened renters, nearly all Gateway City residents pay more than 15% of their incomes on transportation costs (see Figure 4). In TOD areas, these burdens soar (see Figure 5). With more than 45% of their incomes going to housing and transportation, people in Gateway Cities face significant financial insecurity, which increases the need for assistance, promotes crowding in available housing, and promotes working multiple jobs and informally to make ends meet. Almost one in 10 renters in census tracts that include Fitchburg's and Lawrence's station areas received eviction notices in 2016. That rate made them 10 times more likely to be evicted than the Commonwealth's average of one in 100.<sup>11</sup> Across Gateway Cities, this instability is apparent in high student-enrollment churn rates: one in five public school students enter or exit in the middle of the school year, and nearly 2,000 students are transient or homeless. Unstable housing leads to unstable neighborhoods, a phenomenon affecting all Gateway Cities.

**Figure 4. City-Wide Housing and Transportation Burdens**



Source: American Community Survey 5-Year Estimates (2013-17)

**Figure 5. TOD-Area Housing and Transportation Burdens**



Source: American Community Survey 5-Year Estimates (2013-17)

Gateway City homeownership rates also show divides based on race and ethnicity. Although people of color occupy more than 27% of the housing units in Gateway Cities, they comprise just 16% of homeowners (see Table 1). The rate of homeownership lags behind the occupancy rate by a factor of 3.5 in some cities and averages 2:1 across all Gateway Cities. Homeownership is critical to building wealth in our society and links directly to poverty and educational opportunities. Figure 6 shows one of these effects: if we compare this chart with the population distribution in Figures 2a and 2b, we see

that households of color have more occupants per housing unit than white households. This difference aligns with research on multigenerational effects of inequality and poverty, which can prevent young adult family members from starting their own households. The disparity also describes more

crowding in households of color as multiple families and generations cohabitate to mitigate high housing costs. People of color who have been barred historically from this form of wealth accumulation continue to face economic obstacles to homeownership across the Commonwealth.

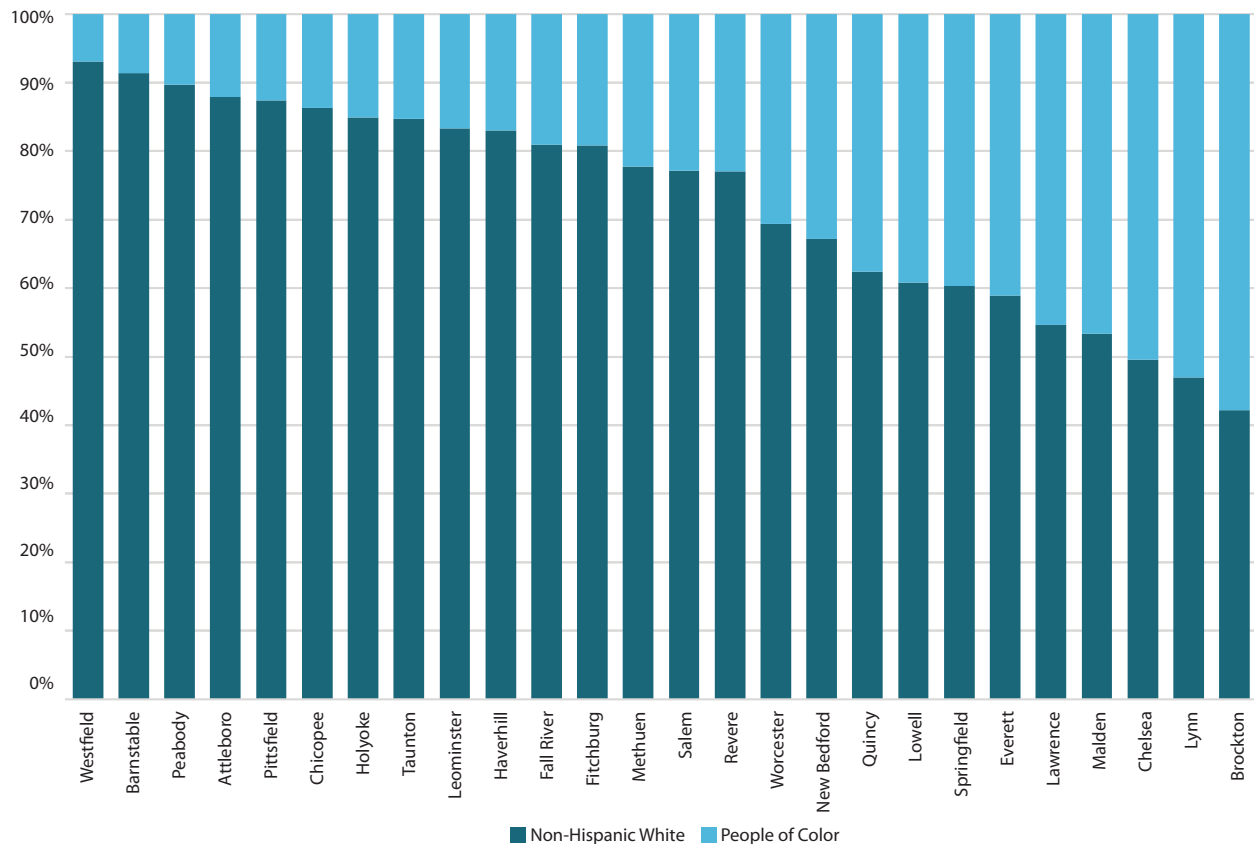
**Table 1.** Comparison of Occupied Units and Homeownership Rates for People of Color in Gateway Cities

	Share of Occupied Units	Share of Homeowners	Ratio of Occupied Units to Homeowners*
Attleboro	12.13%	8.89%	1.36
Barnstable	8.59%	4.25%	2.02
Brockton	57.82%	41.60%	1.39
Chelsea	50.39%	30.86%	1.63
Chicopee	13.69%	4.43%	3.09
Everett	41.12%	29.41%	1.40
Fall River	19.03%	5.47%	3.48
Fitchburg	19.14%	9.45%	2.03
Haverhill	16.98%	7.24%	2.34
Holyoke	15.07%	9.36%	1.61
Lawrence	45.33%	32.99%	1.37
Leominster	16.67%	8.36%	2.00
Lowell	39.20%	23.33%	1.68
Lynn	53.06%	27.24%	1.95
Malden	46.63%	31.30%	1.49
Methuen	22.21%	12.93%	1.72
New Bedford	32.83%	14.37%	2.28
Peabody	10.32%	4.08%	2.53
Pittsfield	12.59%	3.56%	3.54
Quincy	37.60%	26.96%	1.39
Revere	22.97%	17.61%	1.30
Salem	22.89%	8.34%	2.74
Springfield	39.66%	26.92%	1.47
Taunton	15.27%	7.07%	2.16
Westfield	6.96%	3.52%	1.97
Worcester	30.60%	17.08%	1.79
Average	27.3%	16.0%	1.99

Source: American Community Survey 5-Year Estimates (2017), Table B25003: Tenure

\* In no Gateway City does the population of color own homes at a rate proportional to their share of the population. Ideally, the ratio would be 1.0.

Figure 6. Comparison of Occupied Housing Units in Gateway Cities by Race



Source: American Community Survey 5-Year Estimates (2017), Table B25003: Tenure

Equitable TOD would not only provide lower-wealth residents with access to more affordable rental units and opportunities for homeownership, it would provide greater access to jobs and educational opportunities to increase economic stability. Also, equitable TOD would expand future development into areas that give small businesses access to new markets, customers, and potential employees. Small businesses can be sources of wealth for their owners and job-entry points for workers with a range of educational and experience levels. Between 2000 and 2018, nearly 65% of all new U.S. jobs came from small businesses with fewer than 500 workers. In 2016, small and midsize business employees and sole proprietors made up nearly half of all private sector workers.<sup>12</sup> Women- and minority-owned businesses can attract and retain a diverse workforce, and immigrant- and minority-owned firms in particular can be sites of cultural networking and organizational congress—which are critical to both business growth and civic engagement. Disparities in ownership, business knowledge, and resources, however,

limit the wealth-building and employment power of small businesses. People of color comprise 54% of Gateway City populations, but they own only 30% of Gateway City enterprises and earn a meager 8% of total sales receipts.<sup>13</sup>

The inequities reflected in these Gateway City housing and small-business-ownership numbers are not natural or inevitable, but the result of historically rooted exclusion, disparities, and racism funneled through longstanding policy decisions. Intentional, transformative TOD policy can help to close these stubborn gulfs, beginning with rail-station-area planning.

**Equitable TOD allows for efficient and flexible uses and programming as the region’s residents and tenants change, age, and grow.**

## Reason #2: Gentrification Fears

When faced with proposals for transforming Gateway Cities through TOD, existing residents raise concerns about gentrification and displacement—two terms that are charged but often inconsistently defined. Researchers generally describe gentrification as a pattern of neighborhood change in which a previously declining place experiences reinvestment and revitalization, leading to increasing home values and rents, displacement, and swift demographic changes. But studies have been inconclusive on whether gentrification leads to displacement, or the involuntary relocation of current residents who cannot afford to remain in newly revitalized neighborhoods.<sup>14</sup> Whether or not longstanding residents are physically displaced, however, gentrification too often leads to cultural displacement. After all, the term “gentrification” stems from the assumption that the “gentry” (affluent elites) are best suited to revitalize and improve distressed neighborhoods. In light of this class divide, gentrification has the power to strip cities of their cultural identity, diversity, and vibrancy.<sup>15</sup> The twin threats of displacement and cultural erasure make gentrification a development process to oppose and avoid.

Policy debates about gentrification also obscure broader housing affordability issues. Since the 1970s, most of the nation’s high-poverty neighborhoods have remained poor, areas of concentrated poverty have expanded, and more people live in poor neighborhoods. Much of the affordability crisis stems from low wages and an inadequate supply of units that local residents can afford. But gentrification works a bit differently in the Commonwealth’s regional cities than it does in cities like Boston—if it is occurring at all.

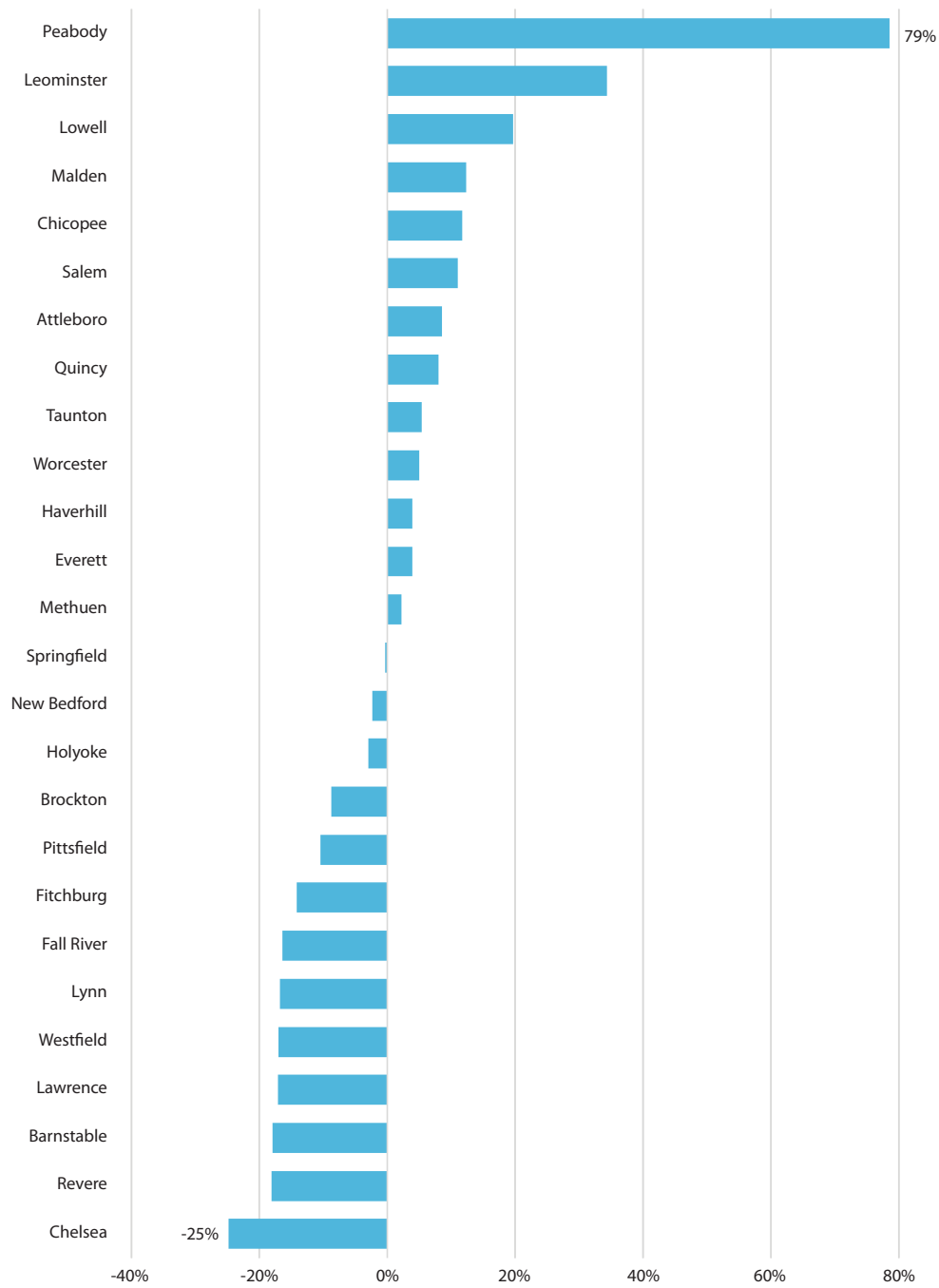
For one, many Gateway City real estate markets have been growing at a much slower rate, if at all. In many of these markets, production stalls because the costs of construction exceed rents or sale prices. MassINC’s 2018 research showed that costs exceeded projected revenues by as much as 44% in some Gateway Cities. With limited data available about migration flows among small, regional cities, one of the few indicators that we have that gentrification might be happening lies in changes in Gateway City poverty levels. From 2014 to 2018, the poverty rates changed differently in Gateway Cities, and the variance is phenomenal, ranging from a 79% increase in Peabody to a 25% decrease in Chelsea (see Fig-

ure 7). When compared to the population changes in Figure 8, we can draw a few conclusions (also see the comparison Table 2). For the 13 cities with declining poverty rates, their populations either fell at a rate slower than the drops in poverty levels or grew. These differences, especially in fast-growing Chelsea, could indicate that economic circumstances improved in these cities, and lower-income residents could have been displaced due to gentrification.

For four of the cities with flat or increasing poverty rates, population growth outpaced increases in poverty, which could indicate those cities have experienced slowing economies or are becoming a catchment area for displaced populations: for example, the city of Everett could be a catchment area for Boston, which experienced a 5% drop in poverty and nearly 10% increase in population, and for Revere, Lynn, and Chelsea. In the 10 remaining cities, especially Peabody, poverty rate increases outpace relatively modest population growth. These Gateway Cities could be experiencing strong economic decline or have become a beacon for displaced low-income households: Malden could also be a catchment city for Boston, Lynn, Revere, and Chelsea. Keep in mind that these statistical shifts do not tell us much about how many existing residents started new households, how many students comprise these populations, or other demographics. These data also do not show changes in residents’ ability to connect physically and economically to regional opportunities (such as rising traffic congestion and relocating employers). All of these issues shape whether local poverty rises or falls and will be the subject of deeper analysis in subsequent policy briefs.

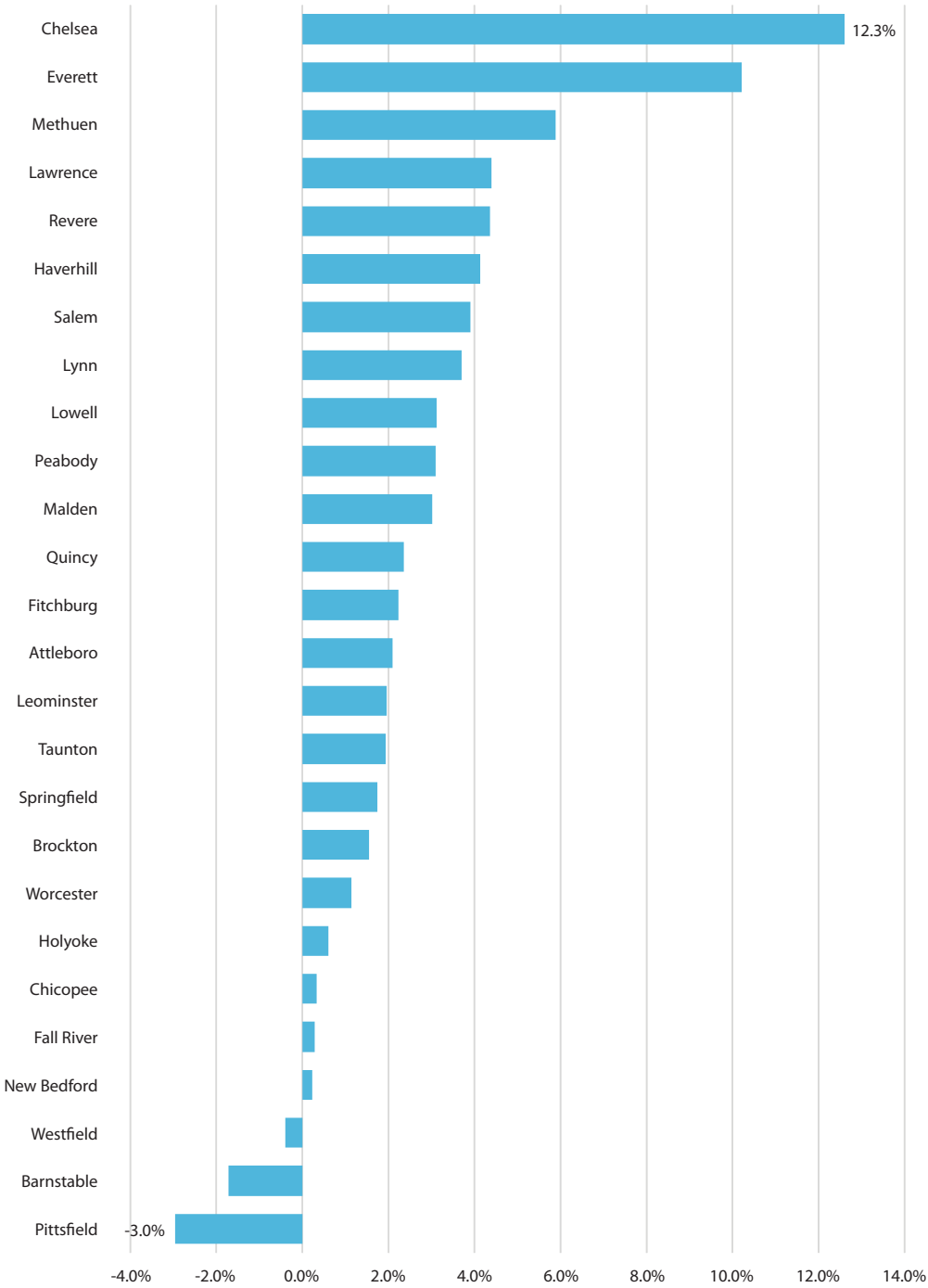
If the story of Gateway Cities as catchment areas for displaced people from Boston and other gentrifying cities is true, the influx of new lower-income households in some cities adds more residents with few assets and wealth-building opportunities to already poor neighborhoods. High construction costs and the migration of low-income residents make it hard for housing supply to keep pace with rapidly changing demand. Also, the rising popularity of regional cities and their transit-oriented neighborhoods increases the fear that local residents will be dislodged, forced to move farther out into places with limited transportation options, jobs, social services, basic amenities, and economic opportunities.

Figure 7. Change in Gateway City Poverty Rates, 2012–2018



Source: American Community Survey 5-Year Estimates (2008-2012 and 2014-2018)

Figure 8. Change in Gateway City Population, 2012–2018



Source: American Community Survey 5-Year Estimates (2008–2012 and 2014–2018)



**Table 2.** Comparison of Poverty Rates to Population Changes in Gateway Cities and Boston

City	Change in Population	Change in Poverty Rate
Chelsea	12.6%	-25%
Revere	4.4%	-18%
Barnstable	-1.7%	-18%
Lawrence	4.4%	-17%
Westfield	-0.4%	-17%
Lynn	3.7%	-17%
Fall River	0.3%	-16%
Fitchburg	2.2%	-14%
Pittsfield	-3.0%	-10%
Brockton	1.5%	-9%
Boston	9.6%	-5%
Holyoke	0.6%	-3%
New Bedford	0.2%	-2%
Springfield	1.7%	0%
Methuen	5.9%	2%
Everett	10.2%	4%
Haverhill	4.1%	4%
Worcester	1.1%	5%
Taunton	1.9%	5%
Quincy	2.4%	8%
Attleboro	2.1%	9%
Salem	3.9%	11%
Chicopee	0.3%	12%
Malden	3.0%	12%
Lowell	3.1%	20%
Leominster	2.0%	34%
Peabody	3.1%	79%

Source: American Community Survey 5-Year Estimates (2008-2012 and 2014-2018)

When sparked by development strategies that focus on transactions and attracting new, high-wealth residents, the fear of gentrification poses a real problem for Gateway Cities: it stalls development by driving up costs and local opposition and fuels inequity by excluding current residents from opportunities to stay in place and benefit from the job, wealth-creating, and community-planning opportunities that new investments bring.

**Equitable TOD keeps vulnerable and lower-wealth residents in their homes and neighborhoods while attracting new residents and businesses to stabilize, revitalize, and develop neighborhoods suitable for everyone.**

But demographic changes and gentrification worries aren't the only reasons for integrating equity into Gateway City TOD. To be truly transformative, TOD must also address the legacies of socioeconomic exclusion and statewide geographical disparity that are cross-generationally entrenched in our Gateway Cities.

## Reason #3: Socioeconomic Exclusion

It's no secret that socioeconomic inequality is at an all-time high in the United States. By many measures, income inequality in Massachusetts is greater than in most states. In 2015, the Boston Fed and others exposed stark differences in wealth between white and non-white households in Greater Boston. The authors found that while the median white household wealth was \$247,500, average black household wealth stood at just \$8, and for Latino households the number dropped to zero.<sup>16</sup> There's no reason to assume that these disparate figures are any better in Gateway City metros. Those who assign blame, arguing that minority households must learn how to save and take on less debt, ignore the role played by historic exclusionary policies and practices in creating wealth inequality that snowballs through later generations. If wealth begets wealth, the reverse is also true.

In the 1960s and 1970s, decades of systemwide inequities came to a head in Greater Boston: Violent protests erupted over racial segregation and other tactics designed by locals and supported by federal policy to keep blacks and other minority groups out of white communities. As was the case nationwide, Boston banks and underwriters instituted “redlining”—the literal drawing of red lines around communities with high concentrations of people of color—to exclude black and brown families from obtaining mortgages. Planners used highway construction and urban renewal projects to physically separate and dismantle black, brown, and immigrant communities in cities and suburbs across the nation. Pollution and undesirable land uses were dumped on poor and marginalized communities, where zoning and land use policies allowed freeways and industrial facilities to locate near homes in these communities, driving high rates of respiratory illnesses and other health threats. For their part, growing suburban communities used restrictive covenants and single-family zoning to exclude people of color, religious minorities, and people with limited means. Meanwhile, the predominantly white suburban residents accumulated wealth, often thanks to first-time home purchases made possible by federal mortgage subsidies. When upwardly mobile white families poured out of urban centers in the 1960s and 1970s, employers moved jobs to industrial parks and commercial centers that required cars for physical mobility, leaving poor communities in urban centers with crumbling public transit, underfunded schools, and limited job opportunities. As a result, powerbrokers and the prosperous mid-

dle class alike viewed cities and their struggling inhabitants as less-than-desirable. This stigma discouraged investment and development, creating a self-fulfilling cycle of disinvestment and decline that strangled growth and vibrancy.

The effects of these choices persist today: communities of color experience poor-quality transit service and housing choices compared with white communities. White-presenting immigrant communities have slowly found paths to wealth accumulation and social inclusion, but the separation of black and brown households from vital economic and social activities is evidenced in minimal wealth, lower employment rates, and environmentally related health conditions like asthma and heart disease. These policies have also generated place-based inequities that feature racial and ethnic segregation, environmental disparities, and concentrated areas of extreme poverty, especially in Gateway Cities.<sup>17</sup>

Although the rise of the finance and intellectual property-based industries (such as banking, high-tech, and life sciences) reinvigorated large cities like Boston, the negative reputation of small cities has persisted, discouraging investment in schools, basic amenities like fresh food markets, and public services such as street cleaning, garbage pickup, and emergency services. Transit-oriented development can help these regional urban centers address historic exclusionary and discriminatory practices.

**Equitable TOD provides tools, programs, spaces, and places that advance the equitable treatment of people and communities by bridging the wealth gap, minimizing the negative effects of new development decisions, and mitigating the effects of past development injustices.**

But getting to equity in TOD across the Commonwealth requires analysis of how public policy has facilitated investment disparities that have thrown the state's increasingly skewed economic geography even further out of balance.

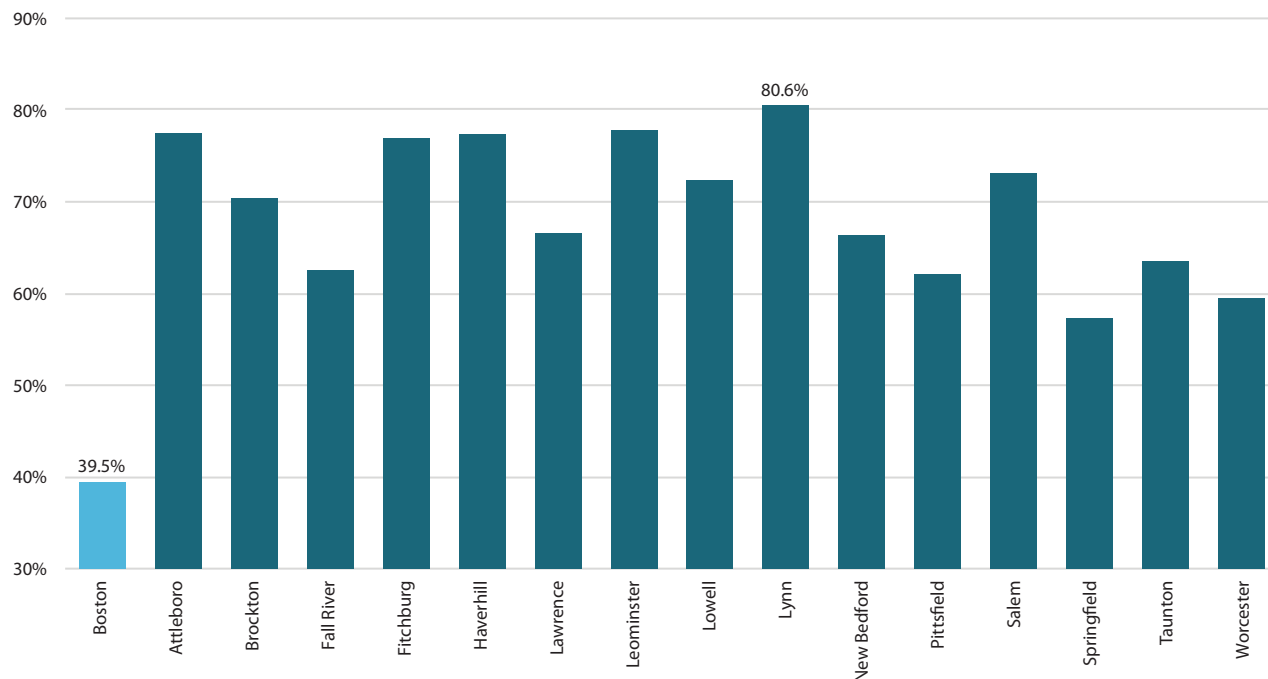
## Reason #4: Geographic Disparities

At the heart of equity concerns in Gateway Cities lies geographic (or regional) inequity. The geographic disparities in how policy benefits are distributed across the state pose serious challenges to turning these cities into strong vibrant communities with resources that provide the quality of life people expect from a state as prosperous as Massachusetts.

The disparities among regions across the Commonwealth mirror the spatially arranged socioeconomic disparities discussed in the previous section. Instead of ethnic, cultural, or racial divides, policy makers classify places as either “urban” or “nonurban.” However, the spatial diversity of the Commonwealth’s municipalities is not dichotomous. Small and midsize regional cities differ in governance, demographics, infrastructure, and history from suburban communities,

small towns, and rural areas. Their smaller scale and capacity also distinguish them from Boston and other large metros. They often have fewer staff and depend on private and third-sector actors—local business organizations, nonprofits, and civic groups—to cover what large cities can achieve through government resources. Gateway City finances are much different, too. Massachusetts limits home rule more so than most states, so Gateway Cities don’t have the tools to reinvest and reinvent. Also, deindustrialization led to significant declines in their commercial tax bases, placing increasing burdens on homeowners to foot the bill for basic municipal services. For example, although residential property taxes generated 40% of Boston’s tax revenue in 2019, that figure averaged 70% in the 15 Gateway Cities with rail stations (see Figure 9).

Figure 9. Percentage of Revenue from Residential Levies in Selected Gateway Cities and Boston, Fiscal Year 2019



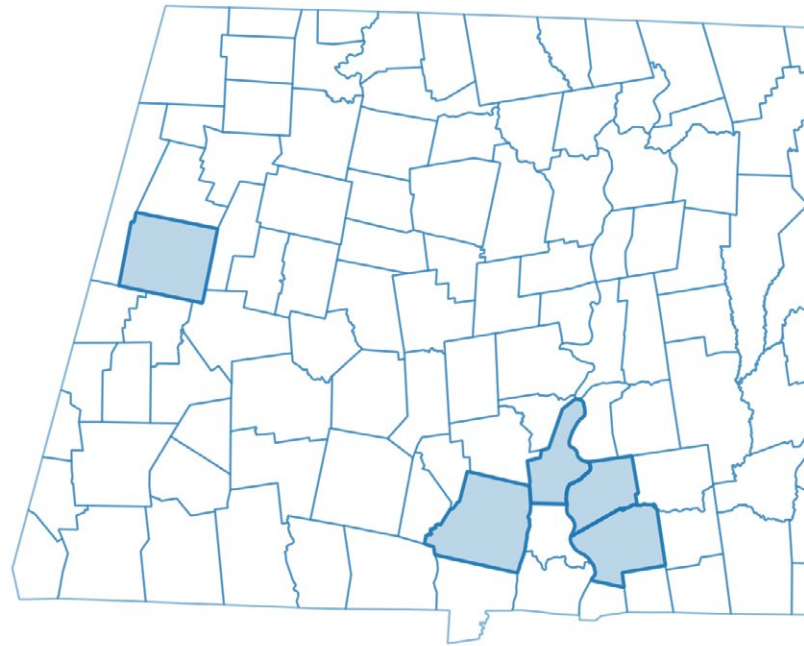
Source: Massachusetts Department of Revenue Municipal Databank, accessed May 2019

Community and economic development strategies that focus heavily on urban agglomeration can exacerbate geographic disparities. Urban agglomeration often drives growth and development by allowing small and midsize cities to “borrow size” from large, global cities and to link their own prospects to the might of these powerhouses. Economists speak of this borrowing as a way to break out of the “agglomeration shadow,” which blankets surrounding communities. Concentrating economic activity in rapidly growing metros, economists argue, allows adjacent suburbs and towns to leverage the aggregate benefits of the major metro’s infrastructure and resources. International airports, employment opportunities, innovation, and talent are all there for the taking. For nearly three decades, the emphasis on agglomeration led many state and federal policy makers to focus public policy resources on large metros and the municipalities close to these urban hubs.<sup>18</sup>

Agglomeration can yield sizable benefits to communities located near a major metropolis like Boston, but agglomeration can pose challenges for Gateway Cities. Concentrating jobs and services with a single geographic nucleus undermines the longstanding history of Gateway Cities serving as regional hubs for opportunities and amenities. Corporate consolidations and relocations to large cities shift vital resources like emergency rooms, well-paying jobs, entertainment and cultural events, and education opportunities farther from the places people live. Agglomeration can add financial and opportunity costs to urban areas located outside of the core and trap them into roles as bedroom communities.

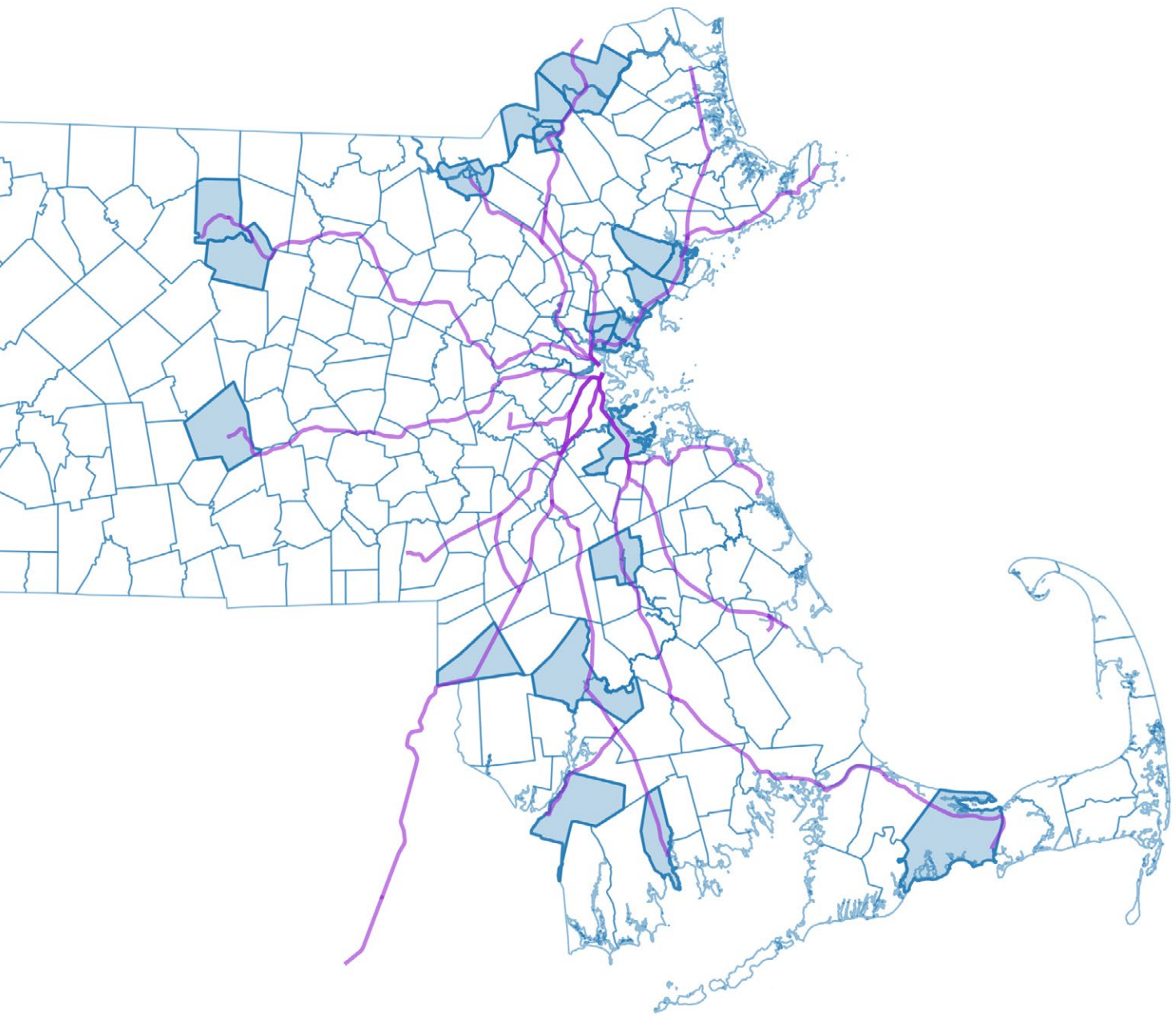
Through policy imagination and commitment, equitable TOD re-leverages Gateway Cities as regional hubs, thereby minimizing the ill effects of agglomeration while capitalizing on its opportunities. For example, well-planned transit can reduce costs to households and the public purse (from reducing the expense of road infrastructure maintenance to making the cost of car ownership optional); also, transit can strongly link Gateway City economies to one another and to Greater Boston. Meanwhile, each Gateway City can make its advantages and assets more accessible to its residents, offering local jobs, health care, social services, and cultural events in transit-oriented and transit-adjacent neighborhoods throughout the city. Whether that imagination and commitment involves tapping into the agricultural and gastronomy industry potential of the Merrimack Valley or the Blue Economy opportunities along the South Coast, public policies must debunk the limits of the urban-nonurban divide and implement tools that stabilize and scale Gateway Cities so that surrounding towns and communities can borrow size closer to home.

Map 1. Gateway Cities and MBTA Commuter Rail Lines



**Equitable TOD leverages regional cities as sites of promise and potential, encouraging investment in these municipalities and their residents based on their assets and abilities, not just on their proximity to larger metros.**

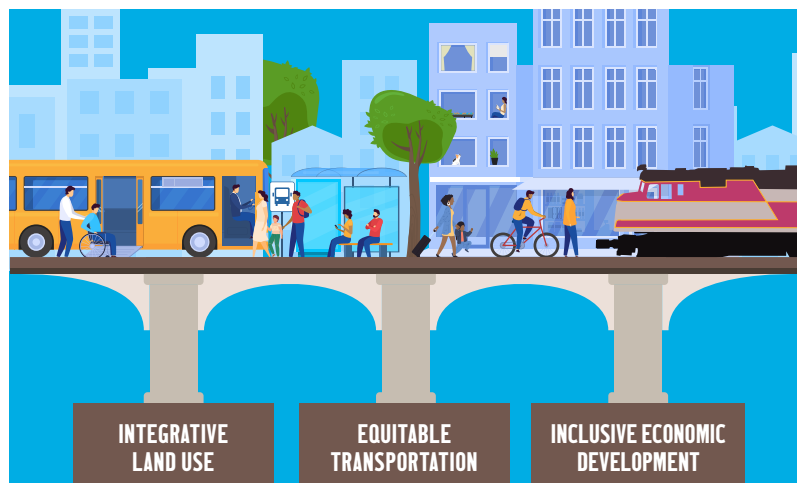
TOD alone cannot bring these communities into the agglomeration economy or into developing local economies without equitable policies that bring current residents along with them. Without transformative TOD, entrenched poverty will not be dislodged, investors will be put off, and justice will not be served. But how do we get there? We propose using integrative land use, equitable transportation, and inclusive economic development, which we cover in the following section.





# The Three Pillars of Equity for Transformative TOD

Given the challenges and opportunities facing Gateway Cities, state and local policymakers can provide tools for revitalizing transit-oriented districts without displacing existing residents and businesses, widening socioeconomic divides, and worsening geographic disparities in access to jobs, education, and services. With equity, TOD supports economically viable communities with a mixture of activities, incomes, abilities, ages, races, and cultures. Although there are no quick fixes or simple roadmaps, the following three policy pillars can be used to embed equity in TOD, moving it from transactional to transformative.



## Integrative Land Use

One of the primary ways to infuse TOD with equity is through land use decisions. **Integrative land use planning and implementation in equitable transit-oriented communities ensure that people have access to the uses (especially housing), places, and amenities that support strong livelihoods and quality of life.** Integrative land use requires planning and zoning to create many types of places that mix uses for robust, compatible activities throughout the transit-oriented district and transit corridors. Under this approach, commercial spaces, homes, light industrial facilities, municipal centers, cultural features, schools, libraries, grocery stores, movie theaters, parks, and other amenities all come together, sharing infrastructure and resources that use land with spatial and economic efficiency. Integrative land

use decisions also make it easy for residents, tenants, workers, and visitors to connect to all of these places in multiple ways. With equity at its foundation, integrative land use becomes a social and an economic objective.

Prevailing land use policies make it difficult to surmount historic inequities. As in most states, land use decisions in Massachusetts are made by local municipalities, which means that the state has 351 different bodies of land use and zoning laws. This diversity itself is not problematic. But the lack of collaboration among municipalities and between municipalities and the state make it difficult for larger-scale projects, like transportation systems, to generate equitable outcomes. The South Coast Rail expansion project highlights how dif-

difficult coordination can be, yet still be successful: more than 20 years of discussions, planning, easement negotiations, and site acquisitions involved seven municipalities, four rail operators, and dozens of state and federal commissions and agencies to start construction of the project's first phase.<sup>19</sup> Such cross-jurisdictional decision-making can be especially challenging when state-level decisions fail to consider the pressing needs of local communities. The lack of county government in Massachusetts compounds regional governance challenges. In other states, counties often coordinate land use policies in a framework that allows local flexibility on smaller projects but directs planning of projects that affect multiple jurisdictions. Two or three county governing boards, for example, can negotiate the terms of a regional shuttle service more efficiently than 45 town or city councils. Despite pockets of success like the South Coast Rail project, land use inequities—and inefficiencies—will persist without integrative land use policies.

## How to Incorporate Equity into Gateway City Land Use Policies

Prevailing policies and processes, however cumbersome, do not preclude making land use an equity driver in Gateway City TOD projects. Zoning decision points in the realms of housing, commercial development, and parks and open space can facilitate equitable outcomes. To move that ball, we propose the following broad reforms and show how they have played out in some Gateway Cities.

### *Expand Investment in Cities With Inclusive Zoning Policies and Practices*

Zoning is critical to either creating equity or foreclosing it. Some suburbs and towns with commuter rail stops have enacted zoning in their station areas that excludes people with limited means and squanders the public investment in our rail network by allowing only single-family housing, prohibiting commercial land uses, requiring extensive parking facilities, or setting high square-footage thresholds for each inhabitant.<sup>20</sup> In addition to these forms of exclusionary zoning,

### **Integrative Land Use**

Land use planning and implementation in equitable transit-oriented communities ensure that people have access to housing, jobs, activities, and amenities that lead to strong livelihoods and quality of life.

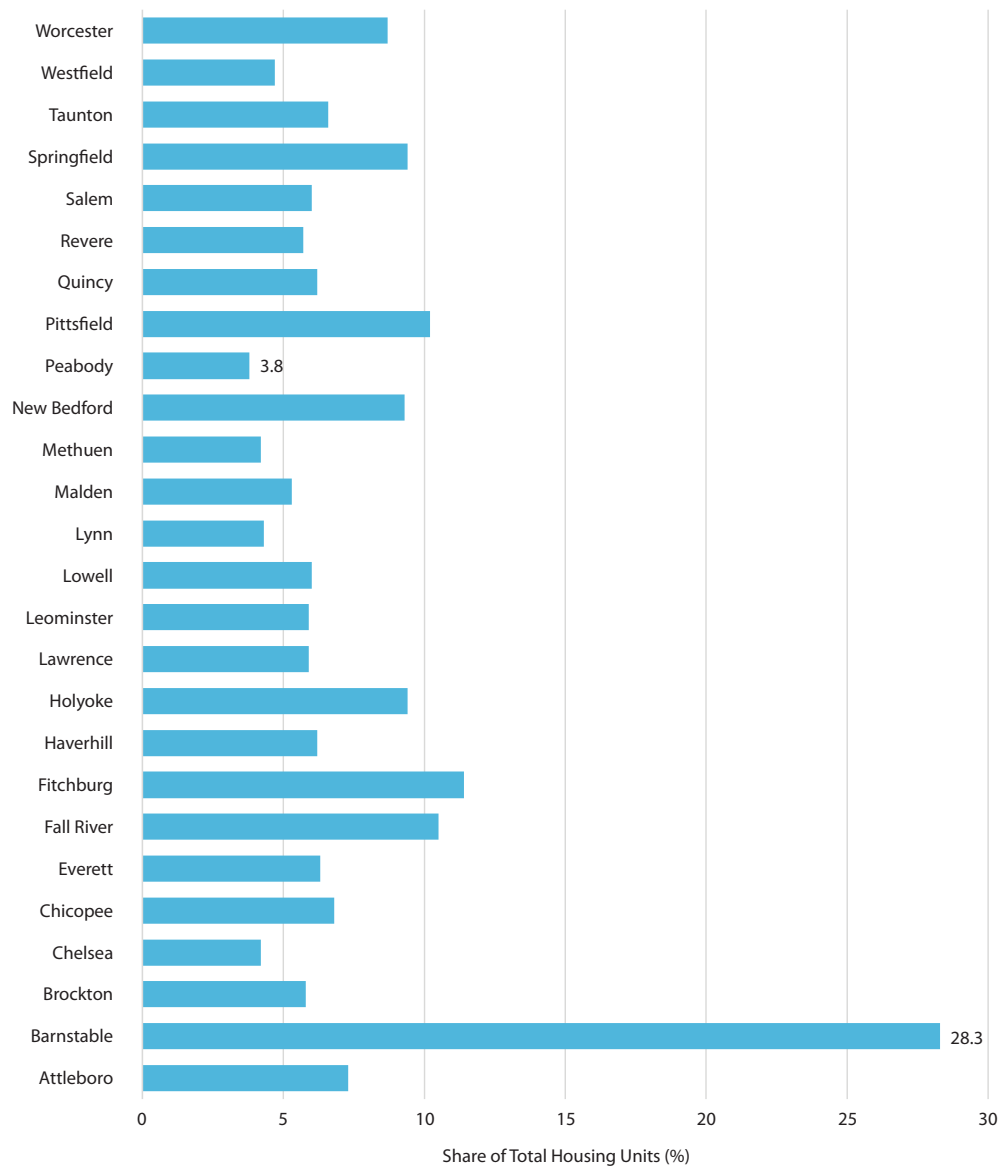
some communities limit other uses through discretionary zoning, making mixed-use development nearly impossible without variances and lengthy approval processes for each case. Such archaic zoning policies and practices rarely find a home in transit-oriented neighborhoods in Gateway Cities.

Many Gateway Cities have already worked hard to approve zoning for higher density and more intensive land use near rail stations, including multifamily and mixed-use developments. Transit-oriented neighborhoods in Brockton, Haverhill, and others have carved out overlay zones and created prospectuses and master plans to facilitate development and investment.<sup>21</sup> While seeking to optimize the public's rail investment, however, these transit-oriented districts often suffer from underdevelopment due to previous uses and poor building stock. Some cities, for example, carry an unnecessarily high percentage of parking around station areas, and others are populated with extremely low-rise, often historic buildings with vacant storefronts or empty upper floors. With strategic investment in new construction and renovation of existing structures, Gateway City planning and development teams can intensify land uses and densities to attract more residential and commercial tenants. In turn, these investments generate more activity for safer, more vibrant communities and more riders for rail and bus networks.

However, the weak real estate markets in these cities make investment difficult. Although tools such as the Massachusetts Housing Development Incentive Program (HDIP) and the federal Opportunity Zones tax incentives are available to fill the gap between costs and rents or sale prices, the complex addition of overlays burdens efforts to bring development to fruition.<sup>22</sup> Each overlay zone requires different types of complex paperwork, and getting final approval from some state agencies can take years. Some programs have backlogs: HDIP, for example, receives more demand from private and nonprofit developers than can be supplied. And overlay zones require a dedicated municipal team to help developers navigate the complexity: a large development in any municipality, not just Gateway Cities, must leverage six, seven, or even eight investment tools to fill the gap between development costs and projected rents. The case-by-case approach to spurring investment in weak markets allows for a lot of flexibility, but it also burdens resource-strapped cities and bottom-line-driven developers with onerous complexity. Each delay costs developers, city officials, and local communities time and resources and perpetuates the underdevelopment that makes many communities less vibrant, safe, and equitable than they could be.



**Figure 10. Share of Housing Units Vacant in Gateway Cities**



Source: American Community Survey 5-Year Estimates (2014–2018), Table DP04

The Commonwealth’s Gateway Cities and other communities would also benefit from exploring a TOD overlay district that automatically integrates other tools like HDIP and offers height and density bonuses for including features desired by the municipality (such as electric car charging stations, mixed-income housing, and ground-level space for grocery stores). A TOD overlay district could also encourage use of federal Opportunity Funds for infrastructure improvements and partial equity investment in mixed-use rental and lease option developments.<sup>23</sup> Also, communities can grant height and density bonuses to projects that encourage transfers of

ownership to local residents and commercial tenants through lease option programs.

### *Address the Distinct Challenges of Housing in Regional Cities*

The Commonwealth’s current housing crunch makes city officials’ efforts to zone appropriately for housing crucial to the state’s continued economic prosperity. Unlike Greater Boston (where population and housing costs have skyrocketed), most of the state’s Gateway Cities face different housing challenges. Housing supply varies among these regional cities,

with vacancies averaging 7.6% (see Figure 10), and, too often, it can be low-quality and unaffordable for home ownership. Across the Commonwealth, the housing stock tends to be older, wood-frame construction with varying levels of quality, dependent on maintenance and upkeep. Nearly 61% of the state's stock was constructed before 1970, and 39% before 1950. Only 2% of homes have been built in the past decade, even as the state's population has grown 5.5%.<sup>24</sup> Triple-deckers dominate some cities: roughly half of Worcester's housing stock consists of this iconic building type, with nearly all of these three-story, three- to six-family homes built before 1920. The cost of bringing older homes like these up to modern code in weak markets often exceeds the additional value that can be garnered from the effort.<sup>25</sup>

With markets extremely weak and rehab costs grossly exceeding projected home values, many landlords let their dwellings lapse into disrepair—creating spot blight and further driving down home values. Poor-quality housing and abandoned properties affect everyone by creating health hazards for both tenants and the broader community: an electrical fire or arson in a wood-frame multifamily can spread quickly across a neighborhood, and poor ventilation can trigger respiratory illnesses that require emergency room visits and hospital stays. In early 2019, MassINC addressed this issue and helped MassHousing, MassDevelopment, and the Massachusetts Housing Partnership craft the state's Neighborhood Stabilization Program (NSP).<sup>26</sup> With funding from the U.S. Department of Housing and Urban Development, cities now have resources to acquire and rehabilitate abandoned and foreclosed properties for addressing spot blight, improving housing quality, and expanding supply. To date, it is difficult to assess the potential impact of the \$54.8 million program on housing quality and spot blight problem due to the lack of timely, consistent data on building quality across the Commonwealth.

Furthermore, rents and purchase prices for these low-quality structures can exceed what many Gateway City residents can afford. "Natural affordability," or a median income earner's ability to afford a good or service, provides a strong guide to determining whether housing markets in Gateway Cities are affordable.<sup>27</sup> Figures 11 and 12 show that while the natural affordability of homes varies among cities, housing costs have risen much faster than median incomes in nearly all Gateway Cities since 2000. Only Springfield has seen incomes increase faster than the costs of housing. In Worcester, median household incomes fell, although home prices and rents both rose by roughly 76%. These figures raise an equity red flag: if trends in Gateway Cities follow those in other cities

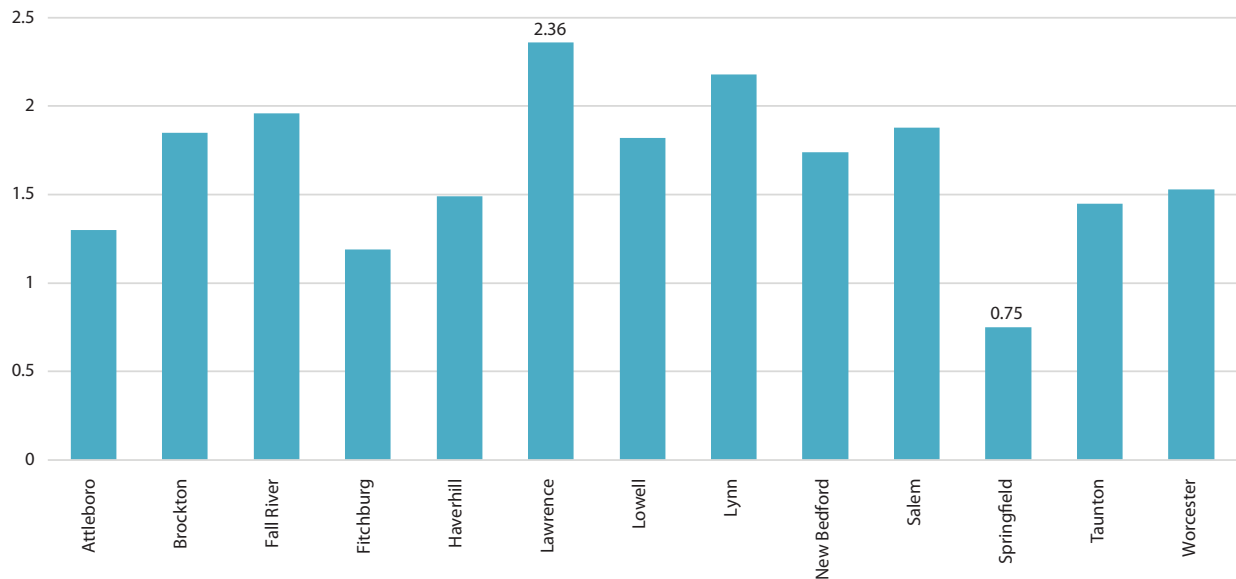
with growing markets, conversions of rental housing to condominiums can drive moderate- to low-income families out of Gateway Cities and, in some cases, out of Massachusetts. Even subtle shifts in markets can increase cost burdens or cause displacement. Higher property tax assessments can increase the risk of delinquency and foreclosure for those with little wealth and incomes that are fixed, low, or inconsistent.

For resource-strapped Gateway Cities, private developers often step in to address the threat. Individuals and small developer groups have retooled to renovate blighted properties, offering the resulting units at naturally affordable rates. These developers often do so without subsidy or with financing through community development financial institutions (CDFIs), which offer low-interest loans and other services that commercial lenders do not. Since many of these developers have capacity to rehabilitate only a few housing units at a time, Gateway Cities require more action to fill the affordability gap. But languishing commercial and industrial sectors in Gateway Cities have rendered residential property taxes a mainstay of municipal finance.

One way to address cities' dependence on residential property taxes is to zone for mixed-use development in downtown and transit-oriented districts, and to ensure that these developments include naturally and subsidized affordable housing in the mix. Developers often layer multiple tools to create a financing "lasagna" to fill the gap between construction costs and local market rents. Among these tools, Chapter 40B requires that at least 10% of a municipality's housing qualify be subsidized affordable housing. But this does not meet the demand: in 2018, roughly 64% of renter households in Gateway Cities earned less than \$50,000.<sup>28</sup> And weak markets like Gateway Cities have much lower property values, although construction costs are homogenous across the state. The 2015 estimated construction cost of \$438,000 per residential unit barely works in Boston where median annual incomes topped \$78,000 in 2018.<sup>29</sup> In Gateway Cities, where median incomes lie closer to \$51,000, purchasing a new or newly renovated place can be impossible without subsidy.

In addition to funding provided through Chapter 40B, Gateway Cities also need more residents with disposable income to help boost local economies. HDIP provides two mechanisms that help bridge the chasm between costs and revenues on new or rehab development in Gateway Cities. Subsidizing market-rate housing with public funding through programs like HDIP is controversial, but Gateway Cities have 40% of the state's affordable housing in just 7% of the state's municipali-

Figure 11. Natural Affordability Index for Selected Gateway Cities with Rail Stops



Source: MassINC calculations based on American Community Survey 5-Year Estimates (2013-2017)

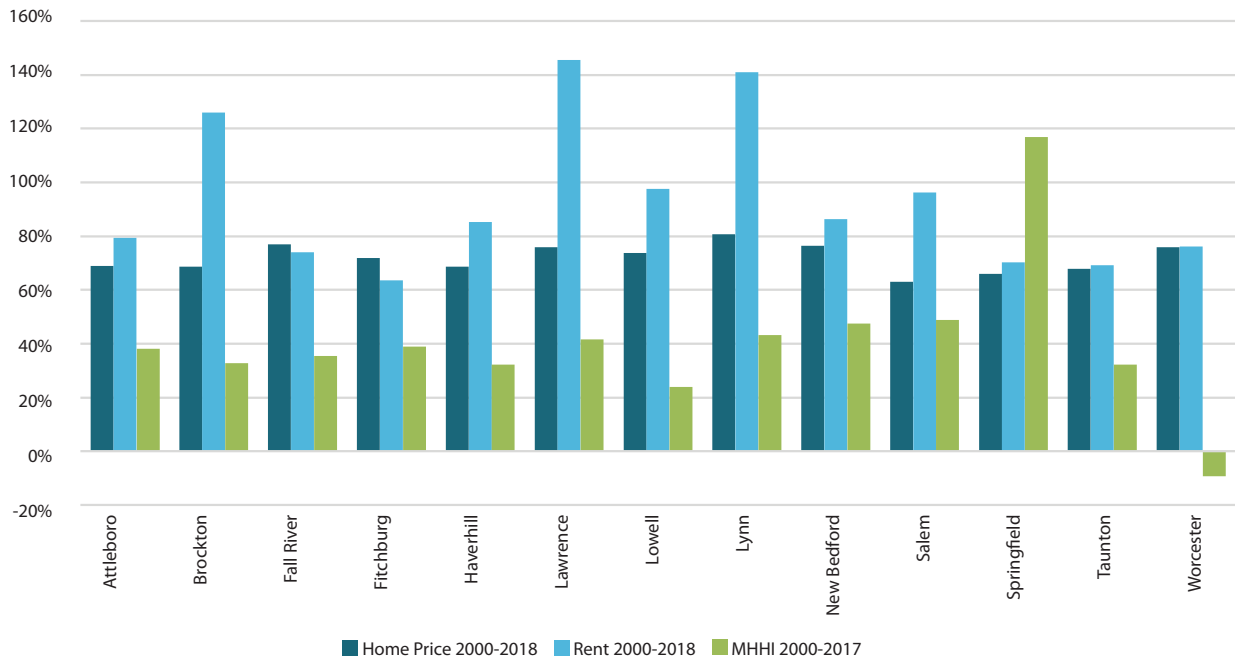
ties with only 25% of the Commonwealth's total population. High production of affordable housing in just a few Gateway City neighborhoods concentrates the state's impoverished households and impedes socioeconomic diversity across these cities. Socioeconomic division, low rates of homeownership, and reliance on residential property taxes for municipal revenue makes a tool like HDIP critical to creating TOD that drives equity and transformation in Gateway Cities.

Studies have shown that increasing housing supply alone does not solve affordability problems.<sup>30</sup> It's true that part of the trouble lies in the chasm between the current housing availability and the 277,000 units needed by 2030. Massachusetts is 39,000 units behind in housing production, and it will take exponential increases in production to reach a positive correlation between housing supply and costs.<sup>31</sup> But the quality of the housing supply matters just as much as quantity. A recent study showed the mismatch between family housing stock with three or more bedrooms and the share of non-family tenants.<sup>32</sup> However useful to understanding the housing squeeze on families with children, the study failed to account for the age of housing in Massachusetts: the presence of lead paint in older homes creates a primary concern for households with children. The cost of removing lead inclines landlords and real estate agents to prefer groups of singles and couples without children for their older housing units. Although some communities use state programs offering low- or no-interest financing for lead abatement, not enough information is avail-

able on housing stock quality across the Commonwealth to know whether the number and funding for these programs are sufficient. Again, quality matters just as much as quantity when using equity as a lens for housing policy.

Also, market-based solutions have yet to offer successful examples that expand housing stock while meeting equity challenges presented by demographics, gentrification, socioeconomic inequality, and geographic disparities. However, many are working hard to fill the gap. For example, the Equitable Transit-Oriented Development Accelerator Fund (ETODAF), launched in 2014 and led by the Local Initiatives Support Corporation (LISC) along with The Boston Foundation, the Hyams Foundation, MassDevelopment, and its latest partner, Partners HealthCare, combats displacement with streamlined access to capital for acquisition and pre-development for projects that advance a community's needs. ETODAF has invested \$5 million in 22 transit-oriented projects to create or preserve 1,513 housing units (including 1,100 affordable, income-restricted apartments) and 116,000 square feet of commercial and community space near transit. Nine of these projects have been in five Gateway Cities, resulting in 330 affordable, six workforce, and 44 market-rate homes. ETODAF targets investment in community-focused developments near a major transit hub to ensure affordable, equitable access to jobs, education, services, health care, and other critical amenities for residents. The fund's latest project includes 32 naturally affordable and workforce housing units,

**Figure 12. Changes in Housing Cost and Median Household Income Across Selected Gateway Cities with Rail Stops Since 2000**



Source: American Community Survey 5-Year Estimates (2013-2017)

requiring no public subsidy by the nonprofit developer. Natural affordability helps current residents stay in their communities by starting new households or finding better-quality housing that fits with what they can afford at current income levels. The fund has expanded to a total portfolio of \$18 million and is focusing on transit-oriented communities in Gateway Cities. So far, ETODAF has attracted \$400 million in additional investment in weak or transitional markets across the Commonwealth and could bring in nearly \$1 billion more.<sup>33</sup>

Similarly, the Healthy Neighborhoods Equity Fund (HNEF), a 2015 collaboration between the Conservation Law Foundation (CLF) and the Massachusetts Housing Investment Corporation (MHIC), has invested in nine mixed-use, mixed-income TOD projects, including two in Gateway Cities, to create roughly 580 housing units and 140,000 square feet of commercial space, leveraging an additional \$144 million of public and private investment. The criteria for access to the \$22 million fund includes a screening and scoring assessment to target investments to places and projects that advance a community vision for growth, create new housing and commercial space, and increase access to transit, jobs, healthy food, and green space. The resulting HealthScore provides 50 indicators of the community’s needs and opportunities for creating a

healthy development, as well as the project’s ability to meet those needs. There is also opportunity for fruitful programmatic overlap: HNEF’s emphasis on community engagement and support makes the work of MassDevelopment’s Transformative Development Initiative (TDI) vital to its assessment process, and most TDI zones fall within TOD or transit-adjacent neighborhoods. CLF and MHIC have launched a second \$50 million HNEF fund to expand development throughout Greater Boston and in our Gateway Cities.<sup>34</sup>

### *Plan for Diverse Community and Commercial Activities, Not Just Coffee Shops*

Land use planning involves more than proposing and implementing zoning ordinances that mark out preferred uses across the urban landscape. It also involves developing a vision, with community buy-in, of what *types* of commercial activities, amenities, and services make sense for a given municipality, and which neighborhoods are best suited to hosting them. Consider how transit-oriented neighborhoods will provide access to clients, customers, and appropriately skilled employees, and how they will serve current and future community needs. Careful thought should also be given to space availability and cost, proximity to housing and to

business and consumer services, and compatibility with anchor institutions in the neighborhood, city, and region (see page 42). Since every municipality is different, such planning is locally customized to make use of current assets and local culture. That said, Gateway Cities share a host of characteristics that make advocating for a slate of similar planning principles viable.

Above all, we need to bring more employers and basic amenities to transit-oriented communities in Gateway Cities. Some argue that it doesn't make sense to encourage more mixed-use development in Gateway Cities, since many already have empty storefronts and commercial space. But that is short-sighted, particularly with regard to new opportunities offered by transit-oriented development. Commercial development that involves both rehabbing old buildings and building anew can attract a range of small businesses—and as we will see, they already do—providing jobs and skill training. Commercial development also helps diversify revenue bases for cities, alleviating pressure on residential property taxes and thus making housing more affordable.

Much the same is true of basic amenities, which also provide employment opportunities, often pay taxes, and are essential to vibrant communities. TOD areas with equity at their core deliver better access and proximity to amenities such as grocery stores, retail shops, professional services, pharmacies, and schools—along with coffee shops, bars, and restaurants. These amenities should be accessible by all in who live, work, or visit a transit-oriented community. Closed developments—ones that allow access to amenities only to their paying tenants—and developments that segregate residents by class create newly imagined gated communities, perpetuating inequities born in the suburbs. Integrative land use planning should discourage development that segregates by class, fails to encourage spending disposable income within the local region, and does not connect to local amenities and centers of activity.

TOD that focuses primarily on shuttling new residents to downtown Boston can sap a Gateway metro of human and financial resources vital to regional economic development. Expanding the state's rail infrastructure to steer Greater Boston population to Gateway Cities to alleviate traffic congestion and housing market pressure is a fine idea that benefits both geographies, as long as the interests of Gateway City residents are protected and enhanced.

Massachusetts offers a suite of tools that encourage business and commercial tenants in currently empty space. The Child-care Investment Fund helps nonprofits expand childcare facilities, making it a perfect tool for building out ground-level commercial spaces in mixed-use real estate developments near transit.<sup>35</sup> The Massachusetts Vacant Storefront Program, one of many programs available through the Economic Development Incentive Program, can help a small biotech startup graduate from local incubator space, or a producer of custom playing cards move out of a garage to a commercial office or workshop space.<sup>36</sup> And a developer can leverage MassDevelopment's Collaborative Workspace grants to build out coworking facilities in vacant and new commercial space, enabling the local freelance journalist or nonprofit startup to work closer to family, friends, colleagues, and clients.<sup>37</sup> Tools like these help us think beyond the coffee shop and to imagine attracting an array of amenities and services to transit-oriented neighborhoods.

However, we need additional tools and more investment in infrastructure and in prepping and marketing sites to help expand and fill commercial space in Gateway Cities. Employers need quality office, retail, and light industrial space to relocate, launch, or grow their businesses in Gateway Cities. Currently, many developers create mixed-use buildings with a mix of housing types (subsidized, workforce, and market-rate housing) to subsidize commercial space—mainly for amenities that serve the building's tenants. Commercial space, however, can serve more purposes. It can help small businesses boost their visibility and inspire ground-level activities to be enjoyed by everyone in the neighborhood—and not just coffee shops and restaurants. Maker spaces and business incubators are filling commercial spaces in cities such as Fitchburg and Springfield, and Lowell's Boott Cotton Mills rehabilitation provides class-A office space for tech companies graduating out of the UMass Lowell Innovation Hub. Instead of isolating workers with telework, employers can establish satellite offices in Gateway City commercial space so that residents can work among peers and colleagues closer to home, saving lost productivity and opportunity costs from beastly commutes.

Institutional spaces near transit are also important, but we need to think beyond traditional buildings like courthouses. Northern Essex Community College's new hospitality and culinary school brings job training and shared kitchen space for small, local producers to downtown Haverhill, just a 10-minute walk from the train depot.

Commercial space is vital to a community's livability and economic well-being, and developing commercial spaces with updated features and modern technology near transit hubs improves access to jobs, training, and amenities for residents throughout the region.

## Gateway Cities need more employers and basic amenities for residents, especially in their transit-oriented districts.

### *Expand Open and Public Spaces That Welcome Everyone*

Open and public space is an important investment in any community, a critical feature of its “social infrastructure.”<sup>38</sup> These vital spaces address equity by stabilizing neighborhoods and redressing historic environmental injustices. Open, publicly accessible spaces like parks, trails, and public squares for people facilitate chance encounters, allow for activities like festivals and markets that bring people together, and keep urbanites connected to nature. These spaces also serve an important urban function by making compact development more viable. Parks preserve natural ecosystems and provide ways for stormwater to drain into the water table without costly sewer infrastructure. They help reduce heat island effects, cutting cooling costs for residents, businesses, and public buildings. They also help remove pollutants from the air—a strong need, since Massachusetts has three cities recognized as leaders in asthma rates in the U.S.<sup>39</sup> Overall, open green spaces help improve public health, providing places for people to simply be outside or engage in physical activity. Public spaces help seniors and people with limited abilities battle isolation and mental health threats like depression and loneliness. Public open space helps everyone connect and establish social ties that are key to resilient cities.

Parks are not the only outdoor public spaces that should take priority in integrative land use. Streets comprise roughly one-third of public space in most cities; that's a lot of real estate dedicated mainly to moving cars quickly through urban centers. Equitable access to streets and rights of way offer many ways of getting around and capture the benefits described above. Wider, well-maintained sidewalks and paths improve mobility for seniors with walkers, people in wheelchairs, and young parents walking a child in a stroller to daycare. Well-designed streets include benches for taking rest breaks and pathways that protect cyclists and pedestrians from faster-moving auto traffic.

Waterways also require consideration. Although the Massachusetts Constitution guarantees the public equal access to waterways, waterfront mills and power plants in many Gateway Cities have polluted waterways and barred access to riverbanks. With cleanup efforts under way, waterfront property is increasingly prized by developers. Cities must work to improve access and mobility on their streets and along their waterfronts, reconnecting these critical public spaces through careful land use policies.

Gateway Cities have been revitalizing derelict or underused open and public spaces using available state tools and creative local resources. Fitchburg has used the Gateway City Parks Program and Brownfields Redevelopment Fund to clean up and prepare contaminated TOD-area sites for redevelopment and to create new public spaces where all residents are welcome. Placemaking—the process of using art and design principles to revitalize derelict or underused spaces—has driven the illumination of important landmarks across the city of Lawrence, which leveraged grants from MassDevelopment and multiple foundations to do so. Haverhill's grass-roots efforts transformed an underutilized TOD-area parking garage into a bustling Saturday farmer's market just a few minutes' walk from its downtown rail station, attracting grant funding from the city. The City of Brockton launched a Commonwealth Places crowdfunding campaign to raise money for *Prova!*, which transforms developable but derelict lots into places for festivals and other public events to help developers meet the neighbors and envision the possibilities. Another state funding source, the Greening the Gateway Cities program, helps cities plant trees, which reduces heating and cooling costs for nearby buildings, provides carbon capture, and shades streets and public places—making them more comfortable and aesthetically appealing to local residents.

Among Gateway Cities, 24 have used Massachusetts' Complete Streets Initiative and Fund to accommodate all forms of transport for improving neighborhood street safety, accessibility, and attractiveness.<sup>40</sup> For example, Worcester adopted a Complete Streets Policy to integrate the initiative's principles into its transportation planning throughout the city. Pittsfield received Complete Streets funding to enhance sidewalks, bike lanes, signals, ramps, curb cuts, and other features to improve safety and mobility for all users.

Public places and open spaces bring people together, build social capital, and foster trust and collaboration among neighbors—social interactions that make neighborhoods safer and more resilient. Increasing trust, safety, and social

connections are also benefits of transit, which aside from moving people from one place to another, also creates public spaces that facilitate social interaction in ways that can transform Gateway City quality of life.

### *Don't Ignore the Importance of Public Space Programming to Equitable TOD*

As discussed in the previous sections, integrative land use involves more than just siting development within a half-mile of a multimodal transit station. Undertaken with an equity lens with transformational goals in mind, integrative land use brings together different activities, classes, cultures, and ways of getting around through the design of buildings, open spaces, and streets.

Creating great spaces is just the first step, however. Programming is what made the projects in Lawrence, Haverhill, and other cities so successful. Their placemaking and cultural development strategies have helped current residents lead programming and underscore the importance of activities and land uses to the community. Programming has also spurred

new job creation and economic development that would have been less desirable without activated public spaces. Cities must incorporate long-term programming into development plans for public spaces, including streets, to encourage desirable activities. Effective programming requires funding, which is where state grants and value-capture strategies leveraging DIFs (tax increment financing districts) can help finance activities such as festivals, concerts, “Open Streets” weekends, and other events that bring communities together. In Salem, for example, the North Shore CDC’s Punto Urban Art Museum makes use of redeveloped affordable housing to create an outdoor exhibit with dozens of professional murals and creative works by local residents. Its model for enlivening public space has been emulated in other cities.

**Cities must incorporate long-term programming into development plans for public spaces, including streets, to encourage desirable activities.**



Photo credit: Above Summit Photography via Barr Foundation





# Equitable Transportation

Transit obviously plays a central role in transit-oriented development. But transit, which can be loosely defined as public and private systems for moving the most people in the fewest number of high-capacity vehicles, isn't the only form of transportation to consider in TOD. Transformative TOD also creates equitable ways to improve mobility, accessibility, and connectivity through other modes, including active mobility such as walking and biking. Specifically, **equitable transportation provides a thoughtful, well-planned mix of transportation options that minimize environmental and public health impacts, enhance geographic connectivity, foster physical and social activity, move people to where they need and want to go with minimal restrictions or barriers, and are affordable for all.**

## Equitable Transportation

Equitable transportation centers on people (not vehicles) and maximizes access by

- prioritizing connected, multimodal transportation networks that meet people's mobility needs, regardless of age, ability, class, race, or status, and
- ensuring people can reach activities, goods, services, and opportunities safely, reliably, and affordably.

## The Current Realities of Gateway City Travel

The ways we live and work have changed dramatically in the past 70 years. More and more people have exchanged the 9-to-5 workday for work-life balance and flextime, second and night shifts, and working remotely. As predicted by Alvin Toffler in *Future Shock*, place matters less now, and options for when and where we work have grown as diverse as U.S. society itself.

Despite the changes in our activities, the framework for transit planning has remained the roughly same since Toffler published his tome in 1970. And it's no secret that public agencies have treated transportation modes differently. Since the rise of car-oriented suburbs in America, public bus planning has provided low- and moderate-income districts in densely populated urban areas with slow, often infrequent local service. Meanwhile, commuter rail and other rapid

mobility options prioritized shuttling white-collar commuters from suburban communities to dense job centers, with Gateway City stations areas as the transition point from car to rail. As employment opportunities flooded out of urban centers to suburban and edge city industrial parks, bus and rail networks alike have fallen into disrepair, with shrinking transit dollars focused on the most populated or heavily used routes. The stubborn persistence into the 2010s of the view that commuter rail is not transit emerged from the discriminatory inequities of the 1950s and reflect that era's hold on today's planning priorities and political power dynamics.<sup>41</sup>

Turning to recent years, population and economic growth in Eastern Massachusetts brought unsustainable levels of congestion and stress on a fossil-fuel-burning transit system, dumping millions of tons of waste and pollution into our air, land, and waterways. In Massachusetts, transportation accounts for roughly 40% of greenhouse gas emissions and more than 50% of all pollutants that drive climate change.<sup>42</sup> High concentrations of lead and other dangerous particulates in the soil and air lead to higher rates of asthma, heart disease, immune system disorders, cancer, and other chronic illnesses. Neighborhoods near pollution-heavy transportation corridors are disproportionately home to people of color and low-income families. MassINC polling has shown that although most Bay Staters see climate change as an important issue that will impact their daily lives, they also know that wealthier neighborhoods are much better equipped than poor ones to mitigate and adapt to it.<sup>43</sup> With 40% of the state's subsidized housing and an even greater share of high-poverty neighborhoods, Gateway Cities are at a disadvantage when transportation decisions continue to advance car-centric transportation networks.

Yet, the dominance of automobility in Gateway Cities has persisted much longer than in large metros. In the past, street widening removed tree canopy and trimmed sidewalks to make way for parking and travel lanes. Utility poles planted in the middle of narrow sidewalks and limited infrastructure for safe biking or walking are common along busy corridors and at unwieldy interchanges and intersections, confusing pedestrians, cyclists, and motorists alike. State and interstate highways slice through neighborhoods, creating corridors that are treacherous for anyone not in a vehicle. Buses in car-centric communities lumber along at irregular intervals, trapped behind cars and trucks during the busiest times of day, with no service available most nights and weekends for those who work irregular shifts or lack car access. And

few communities have dedicated space for freight loading and package deliveries—a must for getting necessary goods to residents and businesses. It’s no wonder that when cities propose new development, fear of increased vehicle traffic has become one of the first things that rallies local opposition. However, research shows that residents in smart growth developments (including well-planned TOD areas) drive a third less than those in areas zoned for a single use, such as residential-only neighborhoods.<sup>44</sup> Gateway City planners know this and are using their limited tools to make their communities more accessible to all.

Transformative TOD can address the challenges of adjusting transportation policies to today’s new realities. With equity at the helm, TOD can bridge the walkability and livability inequities by focusing on more compact, mixed-use development of housing, commercial space, transportation infrastructure, and public areas adjacent to existing transit hubs. Mixed-use, mixed-income TOD brings diverse activities and infrastructure that do not require people to drive, minimizes parking to reduce traffic flows, and instead provides wide sidewalks and protected bike lanes with ample places to sit, linger, rest, and socialize. Traffic becomes less of a concern when people don’t have to travel far and frequently to live well. Smaller, more efficient buildings and alternatives to fossil-fuel-burning vehicles reduce pollution and emissions that drive health and climate change problems. In short, equitable transportation can be truly transformative for a regional city’s way of life. The question is, how do we get there?

## How to Make Transit and Transportation More Equitable

Despite the inequities that have challenged the Commonwealth as a result of past transportation decisions and practices, Gateway Cities and other communities have quite a few options for injecting equity into transportation—especially through TOD.

### *Prioritize Transit as a Foundation for Transportation Improvements*

The state’s current transportation crisis exposes the inequities between transit modes and among geographies. After decades of underfunding of transit and walkability everywhere, but particularly in Gateway Cities, the reality is that cars are often the only transportation choice, leaving many who cannot drive stranded in their homes. If we consider mobility, accessibility, and connectivity alongside population growth when planning non-vehicle transportation investments, the need for transit and walkability in Gateway Cities might be greater than in urban areas with the highest population densities.

Gateway Cities are home to higher concentrations of households with modest incomes or living in poverty. As previous MassINC research demonstrates, the cost of car ownership and insurance for Gateway City residents exceeds that of those living in Boston’s core.<sup>45</sup> Households in Gateway Cities pay nearly double the recommended 15% of gross income for transportation. We also found that, on average, roughly 17% of people in Gateway Cities with rail stops don’t have access to a car (see Figure 13). In rural areas of the state, the share of those without cars more than doubles.

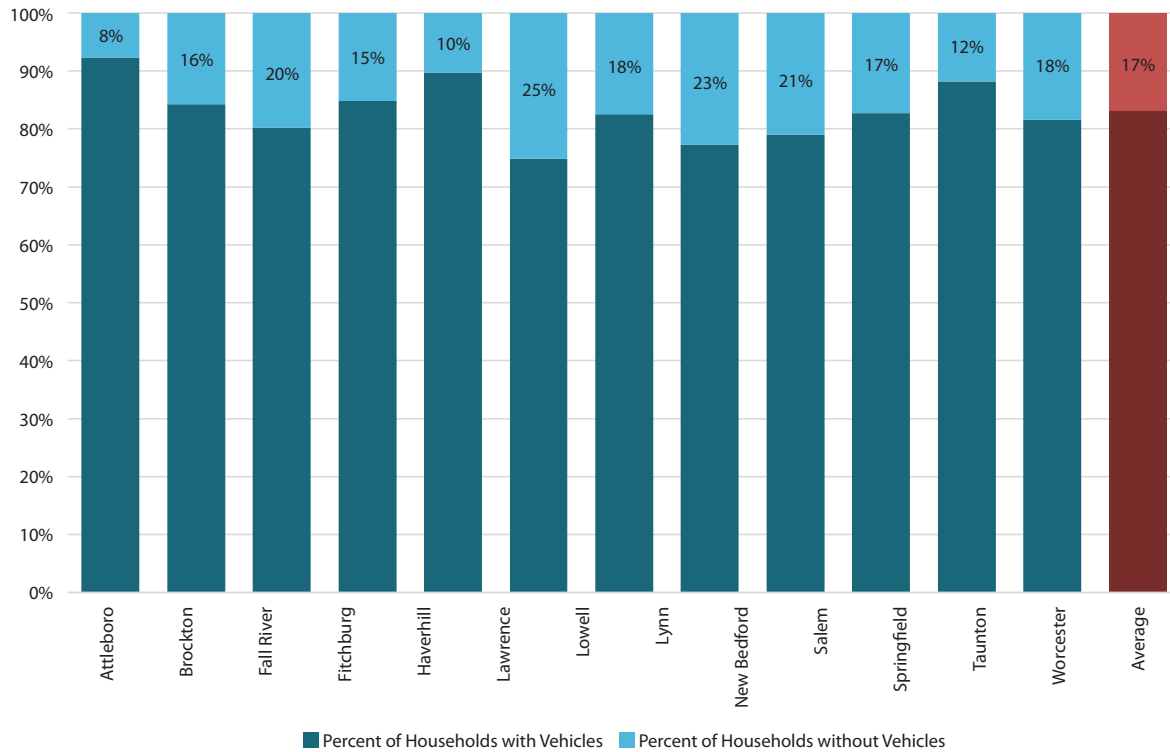
A lack of transportation options that include public transit stifles access and imposes an equity gap on residents across the state. Without the equitable access, connectivity, and mobility afforded through transit, students miss out on apprenticeships, families miss out on critical care and social services, and workers miss out on job opportunities. Bus and rail service often stop far short of people’s final destinations or arrive too sparingly, leaving people waiting for hours for the next pickup. Older, legacy rail and bus networks include features or stops that are difficult for riders to navigate and schedules that make for unbearably long transfers. While most moderate-income households pay more than 25% of their incomes on transportation (due to costly gas, insurance, maintenance, and auto loan payments), these expenses take a much larger chunk out of lower-income budgets, and the high cost of commuter rail can be prohibitive to families making less than half the state’s median household income.<sup>46</sup> To make transportation more equitable, we must provide more (and more affordable) choices, regardless of where people live.

### *Integrate Public and Active Transport Into Land Use Planning and Practices*

For equitable transportation to take root, public and active transport must be an integral part of a community’s land use planning and practices. Weaving equitable transportation into TOD districts requires reimagining public spaces (including streets) and how people move through them. Historically, the Commonwealth’s municipalities prioritized the movement and storage of cars throughout commercial and residential areas, especially near rail stations. As a result, parking lots and garages dominate station areas in many Gateway Cities, and wide, heavily trafficked roads impede access and connections by other means. Reimagining involves redevelopment, and TOD can lead the way to making station areas and transportation more walkable.

According to Redfin, walkability can add a premium of 29% to Boston-area real estate values.<sup>47</sup> However, Gateway City station areas often feature sidewalks in various states of disrepair (if they exist at all), few seating areas for pedestrians to

Figure 13. Car Ownership in Gateway Cities with Rail Stops, 2017



Source: American Community Survey 5-Year Estimates (2013-2017)

rest, and invasive utility infrastructure that gobbles up space and impedes mobility. With more people opting for home delivery of basic goods like groceries, sidewalks, shoulders, and even bike lanes often fill quickly with delivery trucks (as well as construction equipment). Buses along busy routes have trouble pulling close to the curb in designated zones to safely let on passengers when a taxi, rideshare vehicle, or delivery van has illegally taken over the space. Lax enforcement of rules designed to improve non-vehicle travel pose safety and equity issues for all travelers. Since 2015, 560 people have died in motor vehicle crashes in Massachusetts. Although 26% of the total motor vehicle crash deaths occurred in Gateway Cities, they accounted for 36% of all Gateway City residents who died while *not* using a motorized vehicle.<sup>48</sup>

To address the disproportionately high number of pedestrian and cyclist deaths in Gateway Cities, we need equitable transportation for planning, development, and rule enforcement that integrate public and active transport in TOD areas and throughout the region.

### *Reimagine All Transportation as a Connected System for Moving People*

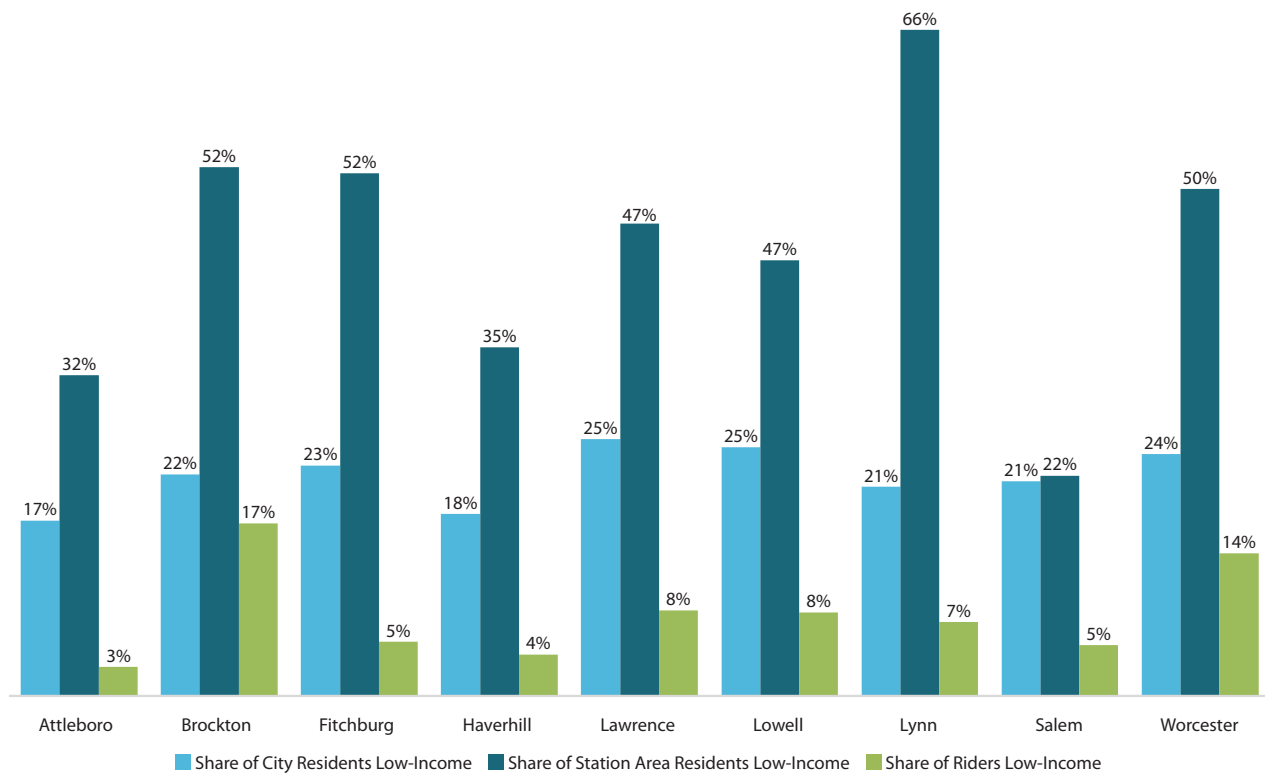
In Gateway Cities, multimodal, transit-oriented hubs have not been integrated into land use in part because policymakers and the general public conceptualize the goals and roles of transit modes differently. Interviews and discussions across the state reveal that people regard trains and subways as systems for commuters, whereas buses are for people with limited means. A paternalistic view of bus networks as “charity” fuels this cognitive gap, and policies reinforce it in Gateway Cities, most of which lack subway service. By concentrating frequent, high-speed transit service in Boston’s urban core, policy solutions have prioritized the lives and livelihoods of those in metro Boston over those in other regions across the state. Some argue that this discrepancy has emerged from prior mismanagement and population differences. However, using past performance, population, and mode availability as justification for today’s resource cuts reinforces mode and geographic biases and limits access, mobility, and connections for those outside Boston’s core.

Policies that reward people who live in dense areas with fast, frequent, reliable, affordable transit also concentrate the economic benefits of transportation networks in these prosperous areas. In 2018, the state’s Future of Transportation Commission’s report pointed out that in the 1950s and ’60s, interstate highways changed land use and travel patterns across the nation, aiding urban deindustrialization by making it easier for people to reach homes and jobs near highway off-ramps.<sup>49</sup> As today’s jobs in service, finance, and information industries require less commercial real estate and move back into urban centers, housing supply cannot keep pace. The report makes the case that in the 21st century, high-speed transit to urban hubs—read: regional and Gateway Cities—must form the backbone of development-driving transport infrastructure. The report also makes the case that connecting to such a network via active and clean methods of travel will establish the livability and growth potential of regions across the state.

### Implement More Equitable Fare Policies

In 2019, MassINC examined the impact that transit fare policies have on moderate and low-income residents and households in Gateway Cities.<sup>50</sup> Fare equity is a topic of debate among transportation agencies because providing service requires public subsidy. As currently structured, today’s fares and fare discounts inhibit essential connections to jobs, services, and other opportunities—especially for Gateway City residents. High base fares and lack of means-tested discounts put bus and rail passes out of reach for even moderate-income earners (see Figure 14 for a ridership comparison). Even communities close to Boston, like Lynn and Brockton, see few moderate- and low-income commuter rail riders because of high fares. When combining housing and transportation costs, even a 50-cent bus fare can be crippling for the 27% of renters and 14% of homeowners in these cities that pay more than half of their annual incomes for housing costs.<sup>51</sup> The people of color who live in these Gateway Cities spend more time on the bus, imposing significant opportunity costs that magnify these barriers and inequities.

Figure 14. Comparison of Low-Income Riders Across Geographies in Selected Gateway Cities with Rail Stops



Source: MBTA and American Community Survey 5-Year Estimates (2013-2017)

The Commonwealth needs a new framework that puts mobility, connectivity, and access first. Low-income fares boost rail ridership during times of low demand (off-peak, reverse commute, and to intermediate stops). We also need proposals for free routes and connections, especially in communities that have been physically and socially disconnected from services and opportunities. On-demand and single-passenger public and private transportation options are expensive, inefficient, and environmentally damaging: if public transit were more accessible across ages, abilities, and classes, we could improve mobility and household budgets for all residents at a lower cost per trip to the state.

## How Gateway Cities Can Make Transportation More Equitable

Many of our Gateway Cities are integrating equity into their transportation plans and programs. Some are using programs like the state's Municipal Vulnerability Preparedness (MVP) initiative and Complete Streets to design new public spaces and rights of way. Lowell, for example, is using these programs to revamp a major automotive through-way near the Gallagher rail station, reducing the number of lanes and improving pedestrian connections along the corridor to move them more safely between the station area, the South Common, the Hamilton Canal District, and downtown. The Merrimack Valley Planning Commission is also working with MassDOT to pilot the Federal Highway Administration's Bus on Shoulder (BOS) traffic management guidelines, which allow intercity buses to use freeway shoulders, to improve on-time performance on routes across the region between Boston and Southern New Hampshire. Such efforts are making it easier to move more people in fewer vehicles.

The Commonwealth has also experienced a recent interest in fare-free bus systems. Lawrence selected three of its bus routes serving low-income and environmental justice communities for fare-free service. Ridership increased 40% in the first week and has served as a model for the feasibility of free fares across bus networks in the Commonwealth. Analysts place the cost from revenue loss of a statewide fare-free bus network at \$50 million—6.6% of fare and parking revenues collected in 2017 from all transit authorities.<sup>52</sup> If Gateway Cities factor in opportunity, environmental, and public health costs into their calculations, fare-free transit service might be worth investing in as a way to improve regional equity.

But Gateway Cities need help and resources. And they need more tools for improving public transit service. Across the state, RTAs and Transportation Management Areas (TMAs) need more reliable base funding for reliable, frequent, accessible bus and shuttle services to connect local residents with jobs, education, culture, entertainment, friends, and family within their regions. Rail Vision, a planning exercise for the MBTA commuter rail network, has proposed a dramatic increase in service for those with existing passenger rail in Greater Boston.<sup>53</sup> One option even proposes linking the North and South Station rail networks via tunnel, which would improve access for commuter and Amtrak train service throughout New England. For both bus and rail travel, lower fares, all-door boarding, and more investment in maintenance and equipment will make transit more accessible to people of all abilities and expedite boarding for faster, more frequent trips.

As a source of funding, regional ballot initiatives would allow political leaders and residents to collaboratively determine regional transportation needs and to vote on how to raise funds locally.<sup>54</sup> State and federal matching funds would help municipalities with high shares of low-income households to implement service that addresses geographic and wealth inequities. The Transportation and Climate Initiative, a project of the Northeast and Mid-Atlantic states, could prioritize investment in clean, affordable transit options for communities hardest hit by pollution and the other ill effects of poor, car-centric transportation policy choices of the past.

Slowly, the state and federal government have been funding pilots that make transit service routes and schedules more flexible to meet demand. Some Gateway City communities are leveraging microtransit grants through MassDOT discretionary grants and the state's Workforce Transportation Program.<sup>55</sup> Microtransit allows regional transit authorities to create or adjust routes for delivering service to areas of growth and development, such as connecting existing office parks to residential areas during peak times but adjusting routes and schedules for seniors, students, and workers with irregular schedules and different destinations. Microtransit pilots are also under way in Fitchburg and Leominster's Montachusett region, and in Greater Attleboro. Haverhill, among other cities, is exploring partnerships with private rideshare companies to expand on-demand services.

But to address thoroughly the growing inequities in mobility, connectivity, and access, we must move beyond planning for population density and farebox recovery ratios: where transit goes matters. As low and middle-income families get pushed into less-densely populated urban and suburban neighborhoods, policymakers can easily make the case for not providing transit services to these areas, since they don't fit with population density guidelines for meeting narrow cost-benefit goals. That must change: we must define the policy goals of our transit and transportation systems more broadly and fund them accordingly. Since 1991, the cost of living has increased 94% in eastern Massachusetts cities, while statewide, home prices have increased 189%.<sup>56</sup> In weak Gateway City markets, home prices only increased 62%, while city of Boston gains exceeded 227% during the same time period.<sup>57</sup> Meanwhile, the state gas tax has increased just 14%, while MBTA fares have more than tripled.<sup>58</sup> Buses, on which the lowest-income riders rely, have seen fares increase four-fold. Analysts predict that the share of the state's transportation budget that comes from the gas tax (currently at 11%) will drop due to fuel-efficiency innovations, making other revenue sources critical for maintaining roadways and transit.<sup>59</sup>

Equitable transit and transportation solutions look beyond cost-benefit analyses of operations to specific locations and include the total costs in areas such as health care, joblessness, and homelessness that result from not connecting lower-density residential areas to jobs, education, and services. By not addressing the ways transportation choices drive social determinants of other critical policy areas, including public health, housing, land use, and economic development, policymakers run the risk of making ill-placed investments in transit that fail to move people to the places they need to be.

In Massachusetts' Gateway Cities, the legacy commuter rail system provides a backbone of nodes that can help drive TOD. But to leverage this valuable resource, we need to make equity an integral part of how we envision, plan, operate, and maintain all of our transit systems. **Infusing equity into transportation shifts the focus from automotive mobility to human mobility, from vehicle throughput to people throughput.** To achieve this, we need a transportation network that addresses mobility, accessibility, and connectivity for all people at all stages of their busy lives.

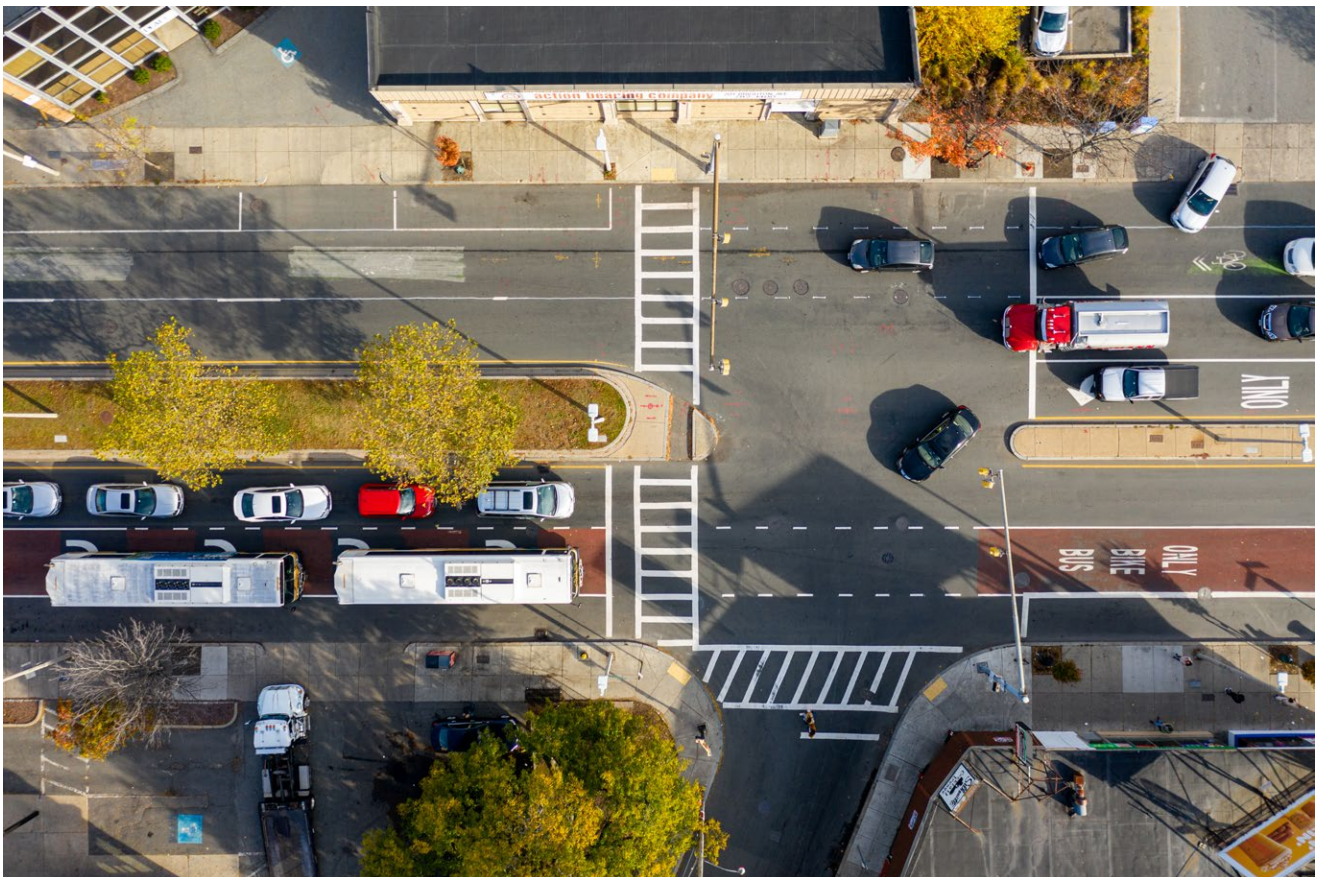


Photo credit: Above Summit Photography via Barr Foundation

## Linking Centers of Activity

A key component of transportation equity involves making sure that mobility, accessibility, and connectivity align with desired destinations. Connectivity is most often the piece that gets ignored. In places with rapid growth and a lack of coordinated regional land use planning, development takes place without attending to non-car alternatives for getting to these areas of increased activity. Gateway Cities must examine how well their transportation options connect the following areas of concentrated activity to one another.

### TOD/Rail Station Areas

Not everyone can walk. Therefore, it is important to provide multiple options for getting people around transit-oriented districts and nearby neighborhoods. A well-built neighborhood has a strong mix of land uses where people live close to stores, schools, places of worship, civic activities, social services, grocery stores and farmers markets, hospitals, and restaurants. Even workshops and co-working spaces add vibrancy and centers of activity to neighborhoods that need strong physical and social infrastructure and connections with open space through multipurpose streets, sidewalks, bike/scooter paths, and transit services.

### Non-Station Areas

Not all activity happens in the transit-oriented district or the downtown core. Gateway Cities are home to other areas of bustling activity, such as neighborhood commercial districts, sites of major employers or industrial parks, and local college campuses. Connecting these areas with transit, trails, and protected bike lanes linked by mobility hubs can provide alternatives to car travel on existing roadways. Depending on the distances, fixed-route bus or rail service, cross-town express buses, or interline rail service (i.e. connections to destinations other than terminuses in Boston and other cities) best serve connective mobility. Further, travel-demand management strategies ensure that new development over a certain size or in areas designated for densification include plans for bus route additions, accessible sidewalks, transit shelters, bike racks, and other features to make it safe and desirable for the new tenants to leave their cars at home. Equitable transportation demand management also includes nodes of activity in neighboring communities, strengthening regional transportation ties and minimizing increased inter-community traffic from both old neighborhoods and new development.

### Regional Hubs

With state and local policy support, Gateway Cities are poised to revive their status as regional hubs for surrounding towns and communities. To secure this future, they will have to provide ways other than freeway car travel for moving people between nearby hubs and regional centers of activity. Connecting Gateway Cities and other hubs such as job centers, health care facilities, and university campuses calls for high-speed rail and bus rapid transit service, similar to the existing commuter rail network in Greater Boston. But these solutions must be faster, more frequent, and less expensive to rival car travel. Although car ownership averages \$12,000 each year in Gateway Cities, the lower average annual cost of \$4,000 for a rail pass does not make sense for median households at current service levels, in large part because most households still need one or more vehicles for other purposes. The lack of connectivity in Boston between the North and South Station rail lines makes train travel even more difficult for those traversing the geography of Massachusetts and New England. Also, the current hub-and-spoke system, with Boston as the only hub, makes travel between regional cities, such as Worcester and Lowell, much more convenient by car. Until other transit options such as high-speed bus and shuttle service improve, cars will continue to dominate our regional landscapes.





# Inclusive Economic Development

Land use and transportation are two legs of a three-legged stool, of which TOD forms the seat. The third leg, economic development, helps generate market conditions that drive quality of life for residents and businesses within a city and its surrounding communities. If any one of the legs falls short on equity, the benefits of growth and prosperity only reach a select few and TOD cannot achieve its transformational potential.

To keep the stool from collapsing from the structural defect known as inequality, local economies must focus on existing residents and disproportionately impacted (including environmental justice) communities. Economic development involves more than access to good jobs. It must also establish tools that bridge access, wealth, and mobility gaps and reverse histories of exclusion. Research has shown that poverty and economic marginalization tend to span generations within the same family and that place matters in framing access to opportunity and socioeconomic mobility.<sup>60</sup> To provide many types of opportunities and remedy past wrongs, equity in economic development must center on promoting greater inclusion through intentional strategies, plans, and practices. **Inclusive economic development incentivizes investments and distributes benefits in ways that enable all people to participate in market, wealth-building, skill-development, and educational activities, delivering a mix of pathways to sustainable livelihoods across ages, education levels, skillsets, abilities, and family-of-origin wealth.**

## Regional Cities and Large Metros Require Different Approaches

We must examine current approaches to get to inclusive economic development in regional cities. Much of the current counsel applies lessons learned from large, global cities. But directly transferring practices from London or Shanghai to Pittsfield or Salem is a recipe for disaster. Dynamics that lead to gentrification, wealth and income gaps, and geographical disparities differ in Gateway Cities and call for a more nuanced approach.

As more background, urban economic development often pinpoints large firms for recruitment, with the hope that they will create local jobs, spur local innovation, and seed development of related businesses, collectively known as clusters. As a result, smaller regional cities are encouraged to borrow size from the agglomeration of jobs and resources in the urban core. Agglomeration-based cluster strategies pri-

oritize large-scale production and financialized markets and work well in cities at the locus of agglomeration. But large, export-oriented and globally-focused enterprises also seek the infrastructure and amenities that larger metropolitan areas already have in place. Also, not all large firms deliver the jobs and benefits that cities seek, and benefits might not trickle out to surrounding communities, resulting in some risk in using this approach as the only option. Despite these concerns, size-borrowing strategies remain a robust tool for using TOD to catalyze inclusive economic development.

Cities can also deploy ecosystem strategies to stimulate long-term economic development and growth. Ecosystem strategies advance small and midsize enterprises (SMEs) by helping them leverage local labor and resource markets, which are critical for their success. The ecosystem approach also prioritizes resource aggregation among complementary, although not necessarily industry-related, businesses that often drive development through smaller-scale production and service-based markets. Although growth manifests more slowly in SME ecosystems than in clusters, they can generate more economic stability when supported by policy tools that help them mitigate the risks that size affords large enterprises to handle on their own. If properly supported, smaller enterprises can nimbly adapt to market disruptions. What's more, local ecosystems keep wealth circulating within the region and advance more opportunities for wealth-building through local ownership.<sup>61</sup>

Neither approach is better than the other, and regional cities can integrate the two. To nurture both effectively, smaller cities with fewer resources or limited access to global hubs need policy tools to span the chasm. Most importantly, those tools must insist that Gateway Cities be intentional about inclusion, regardless of the path to development.

## How to Foster Inclusive Economic Development Through TOD

### *Be Intentional About Including People and Professions in Development*

Infusing TOD with equity requires intentional actions to make local economies inclusive. Intentionality means creating strategies and practices that acknowledge the causes of exclusion, then crafting new and innovative ways to connect and engage marginalized, excluded, and disproportionately impacted communities in mainstream economic activities.

Intentionality around inclusion has not been the norm. For example, cluster strategies that target high-growth sectors often marginalize entire professions and workers in so-called less-desirable industries, such as construction and personal services. These industries are no less critical to growth and development. Also, emphasis on high-tech fields and advanced degrees downgrades manual labor and devalues the skills and training of those in trades and services. This marginalization through deskilling and devaluing has led to worker shortages, which drives, in part, unsustainable labor costs in the construction and other industries. Downward pressure on wages for care and service workers, particularly activities long seen as “women’s work,” threatens the health and well-being of our most vulnerable residents, drives scarcity in child care and health care, and constrains women’s workforce participation and earnings. As wages among non-union workers decline, the race to the bottom in these industries means that economic development professionals give priority to high-skill sectors, while middle- and lower-skilled households increasingly live in poverty. High concentrations of poverty among those left out drive up the need for social services and, in turn, constrain the resources these cities have to invest in other municipal services.

Attracting new workers and creating new households has served as a leading strategy to addressing the economic shortfalls for cities and local markets that cluster-centered strategies can exacerbate. Professionals argue that these new residents will purchase new homes, generating property tax revenue for the city. With an eye toward luring young white-collar professionals, proponents argue that these households will then purchase big-ticket items like appliances and construction services. By bringing more disposable income to the community, the thinking goes, they will help local retailers and service providers.

In addition to fueling gentrification concerns, concentrating strategies on new residents can divide communities if cities overlook wealth-building options for existing households. With better jobs and wealth-building opportunities, existing residents also generate more disposable income that can be put toward replacing or repairing appliances and renovating poor-quality housing. This homegrown prosperity supports local businesses and industry and allows residents to start new households in the communities in which they grew up instead of living with relatives or friends or moving away. More locally-produced income and wealth allow current residents to move to larger homes or to expand existing ones by adding rooms or constructing accessory dwelling units (ADUs). Tools like ADUs can expand local housing

stocks, add density without adding excessive bulk, and enable homeowners to diversify revenue sources for building further wealth to reinvest in Gateway Cities.

### *Invest in Anchor Institutions and Innovation Coalitions*

Anchor institutions are perfectly positioned to advance inclusive economic development. These organizations are vested in the success of the local community and have business models or missions tied to where they are located. They also help drive growth and are often a city’s largest employers. Anchor institutions are less likely to relocate or downsize when internal or external changes put pressure on their stakeholder or shareholder goals.

Where Gateway cities lack sizeable anchor institutions, smaller institutions work together with outside impact, creating innovation coalitions alongside city staff and other organizations.<sup>62</sup> In New Bedford, for example, the UMass Dartmouth College of Visual and Performing Arts and Bristol Community College maintain downtown campuses. Their presence boosts activity and provides education and training near the city’s planned TOD areas. The formidable outcomes of Lawrence’s small anchor organizations—namely Lawrence Community Works, Groundwork Lawrence, and the Lawrence Partnership—have changed the city’s narrative from a story of industrial decline into one of successful urban renewal. With fewer than 60 employees among the three, these Lawrence-based anchor institutions have helped many of the city’s residents and entrepreneurs of color build wealth and skills through procurement and development programs. Yet the jobs that they build come through the enterprises they foster, which can form the backbone of a viable job- and wealth-creation strategy. The efforts of these innovation coalitions in New Bedford and Lawrence show that an organization’s impact, not size, determines its “anchor” status in Gateway and regional cities.

In cities with shrinking resources and populations, some anchors are under threat. Through mergers and acquisitions, anchor institutions have been agglomerating, which can weaken local ties to Gateway Cities. The effects can have a massive impact on economic and community development. As an example, when Lynn’s only acute-care hospital and second-largest employer closed, the city’s 95,000 residents lost local access to emergency room care and related health care services as well as jobs and career opportunities. Visits to emergency rooms and job interviews in neighboring cities add transportation costs to household budgets and stress the regional transportation infrastructure. Similar closures across the country are straining transportation networks,

eliminating local employment opportunities, increasing costs of living, and putting people's lives in danger.

Agglomeration, resource limits, and population losses also threaten educational institutions. Higher education costs have skyrocketed at a time when state and federal support has declined. Vocational and technical school enrollment is on the rise, making these schools more valuable than ever for those who seek career options without the tens of thousands of dollars required to earn an advanced degree. But four-year colleges and universities (especially liberal arts institutions) struggle to survive without dramatic tuition increases; in Massachusetts, tuition already averages \$27,000 per year but can exceed \$55,000. Across the state, 26 private nonprofit and for-profit colleges have closed and four have merged since 2014, leaving holes in numerous towns and small cities. Even K–12 schools face uncertain futures as young couples have fewer children and seniors age in place without downsizing, leaving public schools to operate with fewer students and resources. In some neighborhoods and regional cities, educational anchors no longer serve as focal points for development.

The uncertain future of local anchors poses a serious challenge to inclusive economic development. They provide essential jobs for workers and also contracting opportunities for local small businesses. For example, Baystate Health in Springfield purchases \$670 million in goods and services each year. Its local procurement strategy plus its partnerships in workforce and small business development (such as investments in Valley Venture Mentors and the Springfield Innovation Center) make a sizeable contribution to inclusive economic development in the Pioneer Valley.

### *Promote and Support Local Ownership and Wealth-Building Through Small-Business Ecosystems*

Alongside anchor institutions and their innovation coalitions, Gateway Cities have unique assets in their small businesses. Economic development teams, consisting of both municipal and private-sector actors, can attract emerging small and midsize businesses, building an ecosystem of small enterprises that can grow as the city grows. In the United States, small businesses employ roughly two-thirds of all workers. Attracting one employer that hires 3,000 local residents is possible, of course, but nurturing 30 home-grown businesses to employ 100 workers with strong local ties creates more economic stability. Such an approach may also be more realistic as the backbone of inclusive economic development. After all, most major corporations started out as small businesses, just as most universities started out as small colleges. Economic stability requires persistence and patience.

## Examples of Anchor Institution Investments in Gateway Cities

- W.B. Mason, a Brockton-based employer of more than 10,000 people, works closely with workforce development programs. It has participated in the city's Summer of Working and Learning initiative, which connect students with paid internships, and has partnered with the CareerWorks center and the Metro South Chamber of Commerce to help job seekers build their resumes and improve their job search skills.
- From its Northern Massachusetts headquarters in Lynn, Eastern Bank has invested in technical training and development for women- and minority-owned businesses across the state. The bank also actively contracts locally for services and goods.
- North Shore Community College, another anchor institution in Lynn, partners with other organizations on local workforce development, including YearUp, to prepare local low-income youth for well-paying job opportunities.
- In Pittsfield, Berkshire Health Systems, Berkshire Community College, and General Dynamics shepherd workforce development and small business innovation and assistance for the region.

To make small-business ecosystems effective for inclusive, long-term growth and development, the mix of businesses matters. Fast-growing “gazelle” businesses that leap rapidly from startup to growth have the potential to quickly bring sizeable revenues to municipal coffers. The capital investment culture that dominates today relies on gazelles to drive rapid growth. Unfortunately, this short-term focus on financial returns leads to bubbles, generating fast-moving cycles of booms and crashes. Short-termism has also left many out of the Commonwealth's current economic boom: only a select few entrepreneurs produce the types of rapid gains that interest the traditional investor.

Starting and growing a gazelle business frequently requires considerable resources such as personal collateral. Historical racism and exclusion mean that most women and racial-minority (especially black) entrepreneurs lack this capital pedigree and the wealth creation tools and networks that would help them grow their businesses. As a result, capital-intensive industries, like real estate development and high-tech, make entry nearly impossible. For sectors with lower capital

requirements, the promise of entrepreneurial success, when measured by rapid growth metrics, remains unlikely for many women business owners and entrepreneurs of color.

Applying an equity lens to Gateway City constraints, inclusive economic development policies help nurture robust sectors that highlight “phoenix” businesses, or slow-growth enterprises that endure over decades and generations. They grow slowly but deliver consistent returns to shareholders through dividends, to financial institutions through interest, and to neighborhoods through local investments and long-term, well-paying jobs.

Phoenix organizations are part of a “patient capital” approach that has slowly been gaining traction in the United States. Here, social impact investors, CDFIs, and other financial institutions take lower returns to give businesses and communities time to grow. Programs through LISC and BlueHub Capital, for example, take small margins on loans (usually up to 3%), thus lowering the cost of capital for land and business development and lessening overall construction startup costs. Social impact investing also takes a lower return on financial equity, although expected returns that average 7% over 10 years might be too aggressive (in terms of returns and time period) for the weakest markets. And the jury is still out on the federal Opportunity Zone program. The federal program sought to activate capital gains by providing tax waivers and discounts until 2026 for investments in designated “zones” or state-designated census tracts of low wealth and opportunity. Unfortunately, the amount of investment to date has failed to meet expectations, and most investments have been directed toward real estate projects that were already planned in zones with strong growth trajectories. Little has been invested in small business starts and development. Despite this rocky start, many Gateway Cities have created investment-ready opportunities through the LOCUS Opportunity Zone Marketplace that allows for equity investments in infrastructure, real estate, and small businesses in their hardest-hit neighborhoods.<sup>63</sup>

## How Gateway Cities are Baking Inclusion Into Their Economic Development Strategies

Although all Gateway Cities have staff for shaping big-picture municipal policy and services, many rely on innovation coalitions for strategic and tactical support for economic development planning. For example, the economic development director for the City of Lowell works closely with the University of Massachusetts Lowell, the Lowell Plan, the Lowell Development and Finance Corporation, the Greater Lowell

Chamber of Commerce, and the Middlesex 3 Coalition to coordinate economic development strategies for the city and surrounding area. Also, private-sector trade organizations like the Lawrence Partnership and the Haverhill Chamber of Commerce have created inclusive economic development strategies for their regions. The Lawrence Partnership solicited input through unstructured interviews, focus groups, surveys, and peer reviews to devise a strategic plan for fostering equitable and inclusive economic development. Its Partnership Network is helping to reframe the narrative of what it means to develop, do business, learn, work, and lead in the city, leveraging partnerships with programs like the Lawrence Bilingual Manufacturing Initiative to engage the city’s immigrant workforce, and the Revolving Test Kitchen, which provides food-based businesses with incubator space and technical support for business development.

As part of its reorganization, the Greater Haverhill Chamber of Commerce issued a 2019 Strategic Plan that makes inclusive economic development core to its goal to help reshape Haverhill into a city that acts “compassionately and care[s] for all its citizens.” It confers with the business community to help identify the root causes of barriers to workforce participation, talent attraction and retention, diversity and inclusion, small business development, and urban integration. Since its rollout, the Chamber has created new programs, generated support, and uplifted visibility for women- and minority-owned enterprises. The organization also leads research efforts that highlight the barriers and accomplishments of immigrant-owned businesses. These efforts comprise a first step in healing socioeconomic divides among genders, races, and cultural groups in Haverhill. These divides and efforts to bridge them can also be found in many other Gateway Cities.

Some cities have made small-business ecosystems the focus of economic development strategies. For example, the South Coast Development Partnership (SCDP) is advancing small businesses in New Bedford and Fall River. Through the Southeast Massachusetts Blue Economy Initiative, SCDP leverages each city’s history and current strengths in whaling, fishing, and maritime manufacturing to target investments and incentives to businesses in fishing, offshore wind energy, tourism, and marine technology. This ecosystem approach has yielded state supports from various grants and programs such as the Massachusetts Office of Business Development’s Regional Economic Development Organization (REDO) program.<sup>64</sup> The funding will help build workforce and enterprises throughout the South Coast, from the Rhode Island border to the Cape Cod Canal. Its convening of academia, government, and industry leaders to both attract

new employers and strengthen existing ones forms part of what makes the Blue Economy initiative equity-focused. More programs like this can help Gateway Cities develop small-business ecosystems to sustain and grow enterprises along rail corridors and in transit-oriented districts.

In recent years, nonprofit incubator and accelerator programs have been assisting Gateway Cities in nurturing budding businesses. The accelerator program EforAll, which serves legacy cities in Massachusetts and Colorado, provides technical assistance to slow-growth local businesses in Lawrence, Lowell, Fall River, Holyoke, New Bedford, Lynn, Pittsfield, and Barnstable. Its equity-focused mission supports underserved entrepreneurs across a range of industries, from launch to growth, by helping them develop sustainable, resilient growth models. Springfield's Valley Venture Mentors provides accelerator and co-working space for fast-growing startups in the STEM fields. The program aims to help its participants take root in the Pioneer Valley and to provide jobs and reinvestment in Western Massachusetts' regional and Gateway Cities, including Holyoke, Chicopee, and Pittsfield. Private-sector and university-led incubation programs also help foster small business development. For example, the Innovation Hub at UMass Lowell provides technical assistance, space, and support for budding STEM-based businesses. In 2019, the Innovation Hub and the Lowell Development and Finance Corporation (LDFC) helped four startups keep and grow jobs in Lowell, filling vacant office space. The LDFC also made strategic capital investments and launched a promotional campaign to tackle stigma, an issue that many Gateway Cities share. Also, the LDFC supplements the work of accelerators and incubators to help Lowell develop an economy with a mix of businesses types and sizes, improving the resilience, diversity, and adaptability of the region's economy.

Support for minority and women business enterprises remains inadequate, given the need. One organization committed to meeting this need for black and Latino businesses, the Foundation for Business Equity, uses an ecosystem approach to offer capital as well as technical assistance, mentoring, and training that put more wealth-building opportunities into the hands of black and Latino entrepreneurs. The foundation's Business Equity Fund, created in 2017, subsidizes capital investments with philanthropic money. Its first cohort of 10 businesses generated \$11 million in new revenues, employed 88 full-time workers, and attracted \$1.5 million in investment. Now FBE is working with five Gateway Cities in its sixth cohort. Similarly, the Lawrence Partnership's Venture Loan Fund has supported entrepreneurs of color since its establishment in 2014: all but one of its loans have gone to first-gen-

eration Latino immigrants. Among state-funded programs, the Small Business Technical Assistance Grant Program, administered by Massachusetts Growth Capital Corporation, provides grants for technical assistance, skill building, and financing access to entrepreneurs through local chambers of commerce, community development corporations, and other nonprofits in Gateway Cities. These investments in equity and debt tools for entrepreneurs facilitate the ownership of wealth-building assets, not just larger paychecks, for entrepreneurs historically deprived of economic opportunity.

These are laudable efforts for intentional creation of inclusive economic development in Gateway Cities. However, much more funding will be needed to bring black and Latino businesses to scale and maximize the opportunity TOD provides to bridge the wealth gap and historical exclusion of women and people of color from real estate and other sectors. Also, our regional cities need more programs to mentor, train, and finance women and minority entrepreneurs, especially real estate developers. Existing programs like YouthBuild help youth learn the construction industry, but there are few supports to bridge the knowledge and resource gaps for non-youth adults and those who might have some capital to invest in development. YearUp, a program that trains youth from marginalized communities for jobs in critical, high-paying sectors, has expanded beyond Boston to communities such as Lynn and Brockton. But these programs have a narrow focus on specific industries and most often target young adults (those under age 25). The Commonwealth needs similar programs to shape the next generation of workers in other essential sectors such as health care and local and state government, and to upgrade older workers' skills. We also need programs that help women, minorities, immigrants, the disabled, and other marginalized groups to prepare for opportunities and careers in industries where they are woefully underrepresented, especially for those who have capital to invest in development.

We've examined all three equity pillars for converting TOD from transactional to transformative, but we're still missing the glue that holds our three-legged stool together. The next section offers a solution.



# The Vital Link: Joint Local Planning

In March 2020, the Baker administration filed a bill to allocate \$5 million to Massachusetts' 351 cities and towns for planning. Efforts were also under way to determine if and how to coordinate state and local economic development and land use planning. Some of the bill's measures address regional inequities.<sup>65</sup> It was unclear whether what kind of planning would be the outcome and if it would encourage using all three pillars. Even with additional funding, municipal master plans can be expensive and time-consuming endeavors, and many Gateway Cities lack the staff resources to execute them. Equitable planning occurs beyond the bowels of a city's bureaucracy and can focus on districts, corridors, and neighborhoods.

To infuse equity into TOD, Gateway Cities must link geographies and constituencies through Joint Local Planning. Rather than prioritizing a city-wide master plan, Joint Local Planning positions community members as the hinge around which planning pivots. Joint Local Planning coordinates

integrative land uses, equitable transportation, and inclusive economic development by engaging all stakeholders to deliver a shared vision of possibilities and potential. Joint Local Planning also helps regional agencies, city staff, innovation coalitions, and community members think through how decisions in one area can deliver benefits to some and adverse effects to others. Figure 15 and the following list summarizes these planning approaches.

Each planning approach has its strengths and challenges. Regional planning situates the community within job opportunities and transportation but runs the risk of overlooking some municipalities and districts. City-wide master planning tends to focus on downtown and commercial districts, often understating neighborhood concerns and vulnerable communities while omitting the context of surrounding municipalities. District planning has the advantage of being targeted enough to focus holistically on a key area or neighborhood

**Figure 15.** Joint Local Planning

## Planning Approaches

**Regional Corridor Planning** crafts strategies for a specific geography, grouping together multiple municipalities by spatial, economic, and/or political features. Regional Planning Agencies (RPAs) most often lead these efforts in collaboration with other regional bodies, like Metropolitan Planning Organizations (MPOs).<sup>66</sup>

**City-Wide Master Planning** crafts strategies for all districts and neighborhoods across a city and is most often led by city staff.

**District Planning** concentrates on a single area, usually within the city, based on topographical features like roadways or distances. Transit-oriented districts are primed for district planning.

**Community Planning** engages community residents, businesses, and coalitions based on social and political clusters or neighborhoods such as ethnic, racial, cultural, ability, political, or religious groups. Networks and coalitions define communities, allowing its strategies to cut across spatial bounds.



but may be overly driven by transactional projects. All three of these spatial approaches risk excluding communities, especially those disproportionately impacted. Community planning can help address these challenges, but may lack a larger economic and social context and may surface difficult issues to resolve, particularly in places with unacknowledged and unresolved histories of discrimination and exclusion.

**Joint Local Planning can ensure that a large-scale real estate development includes a place for buses to drop off passengers or that bicycle parking accommodates a district's plans for more universally accessible outdoor public space.**

## How Gateway Cities are Intuitively Primed for Joint Local Planning

Gateway Cities have activated varying planning approaches in recent decades, with master planning dominating city focus. Among the 26 Gateway Cities, 13 have approved comprehensive master plans that include transportation, land use, and economic development. However, only five cities had plans that had been updated over the past five years, with, most recently, Haverhill approving its plan in January 2020. Two cities are initiating comprehensive master planning processes or revising outdated plans. For example, Worcester is starting its search for a master planning consultant, and Salem is seeking ways to operationalize recent city-wide community listening sessions that resulted in more than 1,700 interactions with local residents into a comprehensive plan. The remaining 11 cities either did not integrate land use, transportation, and economic development in their master plans or lacked a city-wide plan at all.

Local capacity lies at the root of today's planning decisions. Some cities lack planning departments, and planning capacity varies widely from city to city. The city of Lynn lacks a designated planning department and relies on the Lynn Housing Authority and Neighborhood Development (LHAND), a city agency, and two local nonprofits that it administers—Neighborhood Development Associates and Affordable Housing Associates. Brockton met its need for planning coordination by hiring a director of economic development and planning. Since 2013, the city has prepared a thought-leading set of

tools to spark economic and community development across the city, with a specific focus on downtown and the downtown TOD area. Hiring a dedicated planning staff member has sparked revitalization in some of the city's most disproportionately impacted neighborhoods.

To help address capacity limits, RPAs, alongside MPOs, have been facilitating and leading other planning efforts for Gateway Cities. The Southeast Regional Planning and Economic Development District's (SRPEDD) successful public participation process has helped New Bedford plan the TOD district around its forthcoming Church Street (formerly King's Highway) stop on the forthcoming South Coast Rail extension. SRPEDD is helping Fall River do the same for its two proposed passenger rail stops. In the Merrimack Valley, the MVPC has leveraged innovation coalitions in Lawrence and Haverhill to connect their community, district, and master planning activities to achieve goals beyond the regional transportation planning described on page 47. The Boston-area Metropolitan Area Planning Council (MAPC) has been helping Salem and Revere lead master planning efforts and has been coordinating regional corridor and district planning with the 51 municipalities in its service area. MAPC has also helped its cities link disproportionately impacted communities to planning. For example, it facilitated the Lynn City Summit in November 2019, which brought together hundreds of residents to help city and nonprofit leaders identify concerns and envision changes in all areas of planning and community development.

Community planning approaches directly address social and economic disparities that make equity critical for transformative TOD. Community planning empowers underrepresented and marginalized local residents to take ownership of their communities, regardless of whether they are property owners, renters, entrepreneurs, or visitors, young or old, able-bodied or mobility-challenged. Planning can be “an ongoing political process based on good information and local support” that can shape communities “to effectively build coalitions, manage conflicts, and link physical development with social development.”<sup>67</sup>

Lawrence provides an exceptional example of equity-building through community planning. The city's *Reviviendo* Gateway Initiative, which launched an overlay district plan that covers much of the TOD area north of the rail station, illustrates how low-income communities of color and immigrant communities can engage with city officials, alongside business,



municipal, and nonprofit leaders and staff, to craft solutions to economic development challenges. Although not formally linked to a comprehensive master plan or driven by the public sector, the initiative's inclusive planning approach shows that local residents are willing to support visions that tackle the particular challenges facing Gateway Cities, such as brown-field remediation and financing constraints for mixed-use and affordable housing development. Lawrence Community Works and Groundwork Lawrence, two community-based organizations that partner with the city on planning, started the *Reviviendo* initiative in 2002, and it continues to enlist active participation, focusing civic engagement on accountability and empowerment rather than on simply gathering input. Even the overlay plan's tagline, "Lawrence TBD," speaks to its vision of ongoing co-creation of urban revitalization that includes people of many incomes, races, migration histories, and cultural backgrounds.

Community development corporations (CDCs) are crucial allies in bringing community members to the table for community planning. Through their track records, organizations like NewVue Communities in Fitchburg, Lawrence Community Works/Groundwork Lawrence, and the Northshore CDC in Salem and Lynn have been able to conduct broader outreach than the city could do on its own. Although it recently ceased operations, one of Worcester's CDCs led revitalization of the Union Hill neighborhood, partnering with the city and private sector organizations to bring comprehensive improvements to what was once the "epicenter of crime" and decline in New England's second-largest city. CDCs often start with small wins in areas like park and neighborhood safety improvement that build trust and empower community members to begin participating in later larger-scale planning and development. At least two of these CDCs also have land trusts in place to buy, redevelop, and preserve subsidized and naturally affordable housing in their communities. The City of Lawrence awarded Groundwork Lawrence a city contract to develop Lawrence's open space plan, choosing to engage local communities in crafting the plan rather than outsourcing it to consultants. Lawrence's selection of a community-based organization for this work builds local capacity, includes local residents, and keeps wealth within the local community.

## How to Promote Joint Local Planning in Gateway Cities

Equitable TOD provides a promising strategy for advancing Joint Local Planning in regional cities. Inherently, TOD is district planning. Not all districts have multimodal transit hubs or rail stations, but underutilized Gateway City station areas can provide centers of activity and development for current and adjacent communities. TOD areas also allow Gateway Cities to strategically leverage bus and rail infrastructure and to expand connections throughout their regions. With the right tools, TOD can help link municipal, regional, and district planning to community planning.

- **Identify and Engage Centers of Capacity**—Joint Local Planning requires identifying and engaging anchors and innovation coalitions. These actors (which can include chambers of commerce, community organizations, city staff, and others) add much-needed capacity in resource-strapped regional cities. Identifying these centers of capacity requires engaging community members early in planning. Sharing the reins in planning does more than empower and amplify vulnerable communities: sharing provides access to important sources of knowledge and capacity that might not be apparent to mainstream leaders. Once these capacity centers have been identified, leverage them to guide planning but take care to include other stakeholders.
- **Identify and Link Centers of Activity**—Advancing Joint Local Planning through TOD requires identifying and linking centers of activity (see page 39). As mentioned above, local community members and centers of capacity can help identify places, routes, and activities that might not be obvious to someone who does not interact there regularly.
- **Select the appropriate strategies**—Implementing Joint Local Planning through TOD requires planning that physically and socially connects the transit-oriented district to other nodes. Again, strategies can only be equitable when excluded and marginalized communities actively participate throughout the process. Use the process of strategy selection to build trust, generate home-grown ideas, and establish a shared vision and values. Avoid the inclination to short-circuit the planning with top-down approaches or signaling a predetermined outcome.

### *Invest in Capacity by Investing in People, Not Just Projects*

Planning has long been an “exercise.” This project-centric approach reflects the short-termism that, for many decades, defined community and economic development policy in some cities. Joint Local Planning is more than an exercise—it is an ongoing process for imagining and reimagining a vision for long term success. As a result, Joint Local Planning requires a long-term investment in local capacity. And investing in capacity starts with investing in people.

Investments in current residents can build trust in the planning process and support for the full vision. People need to see themselves in the plan. To ensure that current residents participate in planning, not all investments should be directed towards planning projects. For example, NeighborWorks Housing Solutions invests in neighborhoods in Brockton, Quincy, Fall River, and other Southeastern Massachusetts municipalities with the philosophy that financially stable families and businesses help create stable neighborhoods and financially resilient cities. When families are financially stable, they have the time, energy, and resources to invest back into the community—including planning. NeighborWorks and many of the other examples featured in this report demonstrate how people-based investments of time and money have helped innovation coalitions, entrepreneur ecosystems, and forward-thinking cities improve economic and social outcomes, despite limited resources, by investing in people.

State-level planning policy can help direct capacity investments, but, historically, Massachusetts has been notably weak in this regard. Unlike other states, Massachusetts does not obligate planning prior to changing a city’s zoning. Also,

plans are not legally binding, nor are they required to align with economic development guidelines or policy goals.

A state-level framework for Joint Local Planning can leverage capacity and help lower risks for Gateway City investments of both time and money. Joint Local Planning could ease master planning capacity worries by allowing Gateway Cities to focus on activity corridors and to target investments that prioritize financial patience and quality-of-life improvements for disproportionately impacted communities. Planning and program funding could be directed to innovation coalitions in cities where planning staff is scarce, or to bring planners into the city or other organizations to coordinate with peers throughout the region. State-level standards and guidelines could help direct tools such as federal Opportunity Funds to the communities that need them most. And a state-level Joint Local Planning framework could incentivize regions to collaborate on a shared vision by allowing bonuses for existing programs like HDIP and Complete Streets. People-based investments rooted in a statewide Joint Local Planning Framework could also ease uncertainty for private and philanthropic investors by demonstrating that the Commonwealth is committed to long-term strategies for ongoing growth and development in Gateway Cities.

**“Without a vision for the future, a community can develop without foresight, without purpose, without consideration of all of the aspects that are essential to maintaining a high quality of life for residents.”<sup>68</sup>**

*—The Rhode Island Comprehensive Planning Handbook*

# Endnotes

- <sup>1</sup> Dan Hodge and Ben Forman, 2018. *The Promise and Potential of Transformative Transit-Oriented Development in Gateway Cities*. <https://massinc.org/research/the-promise-and-potential-of-transformative-transit-oriented-development-in-gateway-cities>.
- <sup>2</sup> The more common term, integrated land use, refers specifically to climate change mitigation through land use.
- <sup>3</sup> See <https://fred.stlouisfed.org/series/MEHOINUSMAA646N>.
- <sup>4</sup> Chris Benner and Manuel Pastor, 2016. *Inclusive Economic Indicators*. Rockefeller Foundation, <https://www.rockefellerfoundation.org/report/inclusive-economies-indicators-full-report/>.
- <sup>5</sup> Ben Forman, 2019. *Local Accountability: An Untapped Strategy for Advancing Student Achievement in Massachusetts Public Schools* <https://2gaiae1lifzt2tsfgr2vil6c-wpengine.netdna-ssl.com/wp-content/uploads/2019/02/Local-Accountability-Policy-Reports.pdf>; Levine et al., 2019. *MassForward: Advancing Democratic Innovation and Electoral Reform in Massachusetts*. <https://massinc.org/research/local-accountability-2>; <https://massinc.org/research/30921>; Haney et al., 2019. *Prioritizing Equitable Growth Through Fare Policy*. <https://2gaiae1lifzt2tsfgr2vil6c-wpengine.netdna-ssl.com/wp-content/uploads/2019/09/Fare-Equity-Policy-Brief.pdf>.
- <sup>6</sup> Amy Dain, 2019. *The State of Zoning for Multi-Family Housing in Greater Boston*. [https://ma-smartgrowth.org/wp-content/uploads/2019/06/03/FINAL\\_Multi-Family\\_Housing\\_Report.pdf](https://ma-smartgrowth.org/wp-content/uploads/2019/06/03/FINAL_Multi-Family_Housing_Report.pdf); Alicia Sasser-Modestino et al., 2019. *The Greater Boston Housing Report Card 2019: Supply, Demand and the Challenge of Local Control*. <https://www.tbf.org/-/media/tbf/reports-and-covers/2019/gbhrc2019.pdf>.
- <sup>7</sup> Hodge and Forman, 2018.
- <sup>8</sup> Alan Ehrenhalt, 2012. *The Great Inversion and the Future of the American City*.
- <sup>9</sup> These numbers are likely underestimates, since they reflect only the 13 Gateway Cities covered by MassINC's report *The Promise and Potential of Transformative Transit Oriented Development* (TTOD Report), and not all 26 Gateway Cities identified by the state legislature. For the sources used in the TTOD report's data, see the section titled "Gateway City Equity Indicators." For the purposes of this report, the term "Gateway City" will be used to mean the 13 cities identified in the TTOD Report. Further, in this report, Gateway City station areas or TOD areas refer to the neighborhoods within a half-mile of stations; station-adjacent or TOD-adjacent areas refer to neighborhoods within a mile but farther than a half-mile from stations.
- <sup>10</sup> Center for Neighborhood Technologies Housing and Transportation Index, <https://htaindex.cnt.org>.
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- <sup>12</sup> <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/09/24153946/Frequently-Asked-Questions-Small-Business-2019-1.pdf>, accessed December 2019.
- <sup>13</sup> 2012 Survey of Business Owners.
- <sup>14</sup> Alan Mallach. "Whose Affordable Housing Crisis?," *Shelterforce* (blog), February 19, 2019, <https://shelterforce.org/2019/02/19/whose-affordable-housing-crisis>; Rachel Bogardus Drew, *Gentrification: Framing Our Perceptions*, n.d., 23.
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- <sup>20</sup> Dain, 2019.

- <sup>21</sup> City of Brockton Prospectus, [https://www.metro-southchamber.com/wp-content/uploads/2019/07/20190620-Brockton\\_Prospectus-Final\\_reducedsize.pdf](https://www.metro-southchamber.com/wp-content/uploads/2019/07/20190620-Brockton_Prospectus-Final_reducedsize.pdf); Haverhill Master Plan, <http://www.visionhaverhill2035.org/wp-content/uploads/2020/01/2020-01-08-Vision-Haverhill-2035-Master-Plan-Update-PAGES.pdf>.
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- <sup>23</sup> Lease options allow renters the choice to purchase the residential or commercial unit after a predetermined time period.
- <sup>24</sup> American Community Survey, 2017 5-year estimates.
- <sup>25</sup> Mahesh Ramachandran and Ashley Howard, 2019. *Worcester for Everyone: A Regional Housing and Economic Study Outlining Local Opportunity*. [https://www.worcesterchamber.org/wp-content/uploads/2019/10/Worcester-Housing-Study-Phase-II-final\\_low-resolution.pdf](https://www.worcesterchamber.org/wp-content/uploads/2019/10/Worcester-Housing-Study-Phase-II-final_low-resolution.pdf), last accessed October 2019.
- <sup>26</sup> See Ben Forman and Allan Mallach, 2019. *Building Communities of Promise and Possibility: State and Local Blueprints for Comprehensive Neighborhood Stabilization*. <https://massinc.org/research/building-communities-of-promise-and-possibility/>; and <https://www.mass.gov/service-details/neighborhood-stabilization-program-nsp>.
- <sup>27</sup> Calculating affordability: In the mortgage industry, professionals use the 2.5 rule of thumb to assess how much home a family can afford. Some professionals use formulas that integrate projected down payments and debt-to-income ratios to yield estimates that range from 2.0 to 3.75 times a household's gross annual income to calculate a naturally affordable home price. Our Natural Home Price Affordability Index is an indicator that compares the area median home sales price with what the median household can afford at their current income levels. In this analysis, we use a ratio of three times the median household income of the area to calculate the "naturally affordable" median home sales price. Values over 1 indicate that median home prices are higher than what the median household can afford. To calculate naturally affordable rental rates, we use the Center for Neighborhood Technology's threshold of 30% of gross monthly income as the maximum.
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- <sup>33</sup> See <https://www.lisc.org/boston/our-work/affordable-housing/tod/tod-lending/>.
- <sup>34</sup> See <http://www.hnefund.org>; <https://www.clf.org/healthy-neighborhoods-study>.
- <sup>35</sup> See <https://cedac.org/cif/>.
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- <sup>46</sup> Haney et al., 2019.

- <sup>47</sup> Lily Katz, 2020. “How Much Does Walkability Increase the Value of a Home?” <https://www.redfin.com/blog/how-much-does-walkability-increase-home-values>, last accessed February 4, 2020.
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- <sup>63</sup> See <https://smartgrowthamerica.org/program/national-opportunity-zones-academy/marketplace/>.
- <sup>64</sup> See <https://www.mass.gov/service-details/regional-economic-development-organization-grant-program>.
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## **ABOUT MASSINC**

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The Massachusetts Institute for a New Commonwealth (MassINC) is a rigorously non-partisan think tank and civic organization. We focus on putting the American Dream within the reach of everyone in Massachusetts, using three distinct tools—research, journalism, and civic engagement. Our work is characterized by accurate data, careful analysis, and unbiased conclusions.

## **ABOUT THE GATEWAY CITIES INNOVATION INSTITUTE**

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The Gateway Cities Innovation Institute works to unlock the economic potential of small to midsize regional cities. Leveraging MassINC’s research, polling, and policy teams, the Institute strengthens connections across communities and helps Gateway City leaders develop and advance a shared policy agenda.

## **ABOUT THE TRANSFORMATIVE TRANSIT-ORIENTED DEVELOPMENT (TTOD) INITIATIVE**

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The Gateway Cities Innovation Institute kicked off its TTOD Initiative in April 2018 with the release of a study quantifying the potential opportunity and impact of transit-oriented development in 13 Gateway Cities with current or planned commuter rail service. We are expanding this foundational research to test a range of strategies that improve the transit rider experience by promoting frequent, all-day, accessible service and stimulating inclusive growth and development in Gateway Cities and surrounding communities. Learn more at [www.massinc.org/ttod](http://www.massinc.org/ttod).

Download this report at: [massinc.org/research/equity-report](http://massinc.org/research/equity-report)

