



A Gateway Cities Strategy for the Healey–Driscoll Administration

Transition Briefing Memorandum

Governor Healey takes office at a pivotal moment. State government must deploy a deluge of federal resources from the American Rescue Plan Act (ARPA), the Bipartisan Infrastructure Law (BIL), and the Inflation Reduction Act (IRA). The mandate to leverage this unprecedented investment to combat the commonwealth’s two most existential threats—climate change and rising inequality—has never been stronger. However, many voters are losing faith that government can tackle formidable challenges. This makes the stakes as high as they come for the Healey–Driscoll administration’s first year in office. The team must find transformative investment opportunities and partners who can execute.

Drawing on more than a decade of MassINC research, this transition brief shows that Gateway Cities are promising place to prospect. We begin with a review of the unique role that Gateway Cities play in the commonwealth. We also surface the challenges and opportunities that these urban centers are likely to encounter as post-pandemic economic restructuring unfolds. With this context in the foreground, we then present strategies and near-term policy priorities across four domains: 1) housing and community development; 2) transportation; 3) education; and 4) municipal governance.

The unique role that Gateway Cities play makes them vital to the commonwealth.

Massachusetts is home to 351 cities and towns. While each one is special and requires thoughtful attention from state government, Gateway Cities are vital organs. Working together, state agencies and policymakers must make additional effort to ensure that these regional urban centers perform their essential functions: building human capital and providing ladders to economic opportunity and security.

Together, the 26 Gateway Cities house more than one-quarter of the state’s population. Their residents are disproportionately young, foreign born, and low income. With declining birth rates, these communities will produce an increasingly outsized share of our future workforce, business owners, teachers and leaders.

In previous generations, jobs in mills provided Gateway City households with stability and decent housing to help ensure that children received a strong start. Offering their next generation pathways to the middle class has become far more challenging for Gateway Cities during the past two decades. With stagnant pay and rising costs, families living in these communities face much greater economic insecurity. And they must make substantially larger investments in their children to prepare them for good jobs in today’s economy. With concentrated poverty and limited tax bases, Gateway Cities struggle to furnish what families cannot.

We must pause here to note that older industrial cities beset with the challenges brought by economic change often internalize the problems, leading to division and dysfunction.¹ This has rarely occurred in Massachusetts Gateway Cities. With unusual resolve and collaborative leadership, these communities cobble together resources and experiment with innovative approaches to support their residents and give them as much access to opportunity as they possibly can.

Summary of Gateway City Policy Priorities for the Healey–Driscoll Transition

CATEGORY	ACTION REQUIRED		
	Administrative	Budgetary	Legislative
HOUSING AND COMMUNITY DEVELOPMENT			
Raise the HDIP cap to \$30 million per year			X
Extend the brownfields tax credit and recapitalize the brownfields redevelopment fund		X	X
Increase the allocation for the Neighborhood Stabilization Program (NSP) in the FY24 capital budget		X	
Scale up MassHousing’s Neighborhood Hub		X	
Empower municipalities to use eminent domain for scattered site acquisition of distressed properties			X
Direct a portion of online sales tax revenue to a fund that supports small business districts in downtowns and commercial areas			X
Ensure the SBTA grant program has stable funding to meet growing demand		X	
Address building code provisions that create extreme geographic disparities	X		
Create a working group to refine EOHEd’s “One-Stop” application process	X		
TRANSPORTATION			
Increase funding for Chapter 90		X	
Create a parking bond program to help Gateway Cities centralize parking, adopt parking technologies, and transition to EVs		X	
Incentivize municipalities to reduce local parking requirements		X	
Support RTA efforts to implement and sustain zero-fare service		X	
Ensure that RTAs receive their fair share of Fair Share transportation revenue		X	
Implement means-tested fares to make the commuter rail affordable for low-wage workers	X		
Build and renovate Gateway City stations		X	
EDUCATION			
Build strong Early College partnerships	X	X	
Build strong dual-language immersion schools	X		
Reform the School Building Authority process to address funding disparities and support integration			X
Ensure that early learning investments support school integration and complement efforts to stimulate urban revitalization		X	X
MUNICIPAL GOVERNANCE			
Create a fellows program to help cities deploy federal funds for broadband, water and sewer, and renewable energy	X	X	
Reform state procurement laws to empower municipalities to launch effective supplier diversity programs			X

Notable examples include efforts to build strong early learning systems and the transformation of the college-to-career pathway via Early College partnerships. While projects happening in the Gateway Cities may not be the most glamorous, members of the incoming administration will undoubtedly discover that they are the most innovative and meaningful social and economic experiments in Massachusetts. It is difficult to overstate how much hinges on the success of these endeavors, with the number of skilled workers in Massachusetts declining sharply for the first time in the history of the commonwealth.²

Human capital formation is not the only way that Gateway Cities provide economic mobility. Accessible home and business ownership opportunities in Gateway Cities can also serve as escalators to the middle class. Over the past decade, many low- and moderate-income residents, particularly people of color, purchased homes in these communities; since the pandemic, they have also launched small businesses in Gateway Cities at unprecedented rates.

These positive trends position Gateway City households to build intergenerational wealth, but achieving a meaningful reduction in inequality is far from guaranteed. These investments are disproportionately located in neighborhoods that are vulnerable to changing market conditions. With rising interest rates and economic uncertainty, Gateway City home and business owners may soon find themselves in precarious positions.

Massachusetts can leverage its Gateway Cities in the post-pandemic economic restructuring.

MassINC's Gateway Cities work began with a 2007 report published jointly with the Brookings Institution.³ The study showed how these urban centers had lost traction in the state's changing economy. Knowledge-intensive industries were concentrating in Greater Boston, along with talent and growth capital. The report predicted that this trend would produce polarized development patterns: At one extreme, Gateway Cities and their regions would struggle to generate new industry clusters to replace mature clusters displaced by trade, offshoring, and consolidation. Meanwhile, the Greater Boston region would grapple with escalating housing prices and increasing congestion.

These trends have played out exactly as predicted; however, we note that when this study was produced, the economic literature on polarized growth in the knowledge economy was limited. We now have a large body of research to describe the uneven patterns that Massachusetts and metropolitan areas throughout the developed world have experienced over the past two decades. Economists coined the term "agglomeration shadow" to describe the effect that global innovation centers like Boston can have on surrounding regions by pulling talent and entrepreneurial energy into tight confines, where companies reap the R&D benefits of face-to-face interaction and "knowledge spillovers" that lead to new products and services.

The most recent research illuminates pathways to overcome these centralizing forces and generate more balanced growth by weaving a web of connectivity between the major economic center and the smaller cities in its orbit. This "borrowing size" strategy gives the smaller cities access to talent, skilled service providers, and connections to trading partners around the world. A "polycentric" cluster of cities can increase productivity by reducing congestion in the core and providing opportunities for efficient, transit-oriented outward growth that preserves quality of life for all.⁴

Post-pandemic economic restructuring makes polycentric growth centered on Gateway Cities more feasible than ever. With employers requiring only two or three days to be spent in the office, workers are increasingly willing to live further from Boston *if* they can lower their housing costs and increase their quality of life. To attract these households, cities must offer welcoming environments, strong transportation connectivity, workforce housing options, and good public schools.

If Massachusetts positions Gateway Cities to deliver these things, the state will be a winner in the post-pandemic restructuring, and its development patterns will be far more equitable, bringing jobs, infrastructure, and amenities closer to the communities who most need them. Alternatively, if the commonwealth struggles to build this future, employers are likely to depart for lower-cost locales and/or

hire more workers from other regions/countries, forgoing the productivity advantages of face-to-face interaction for labor cost savings. Over time, this will put the state's innovation economy at risk, and the sprawling development pattern will further inequality and degrade our environment.⁵

Gateway City Growth Strategies and Near-Term Policy Priorities

Collaborative efforts to rejuvenate Gateway Cities over the past two gubernatorial administrations position the commonwealth for this moment. It is vital that the Healey–Driscoll team enter with an understanding of these efforts and how they can leverage federal funds to build upon them. With input from Gateway City mayors, legislators, housing and economic development directors, and other local stakeholders, we have synthesized strategies and near-term policy priorities. For organization, we divide them into four categories (housing and community development, transportation, education, and municipal governance); however, we will frequently call attention to important intersections and synergies across these domains.

HOUSING AND COMMUNITY DEVELOPMENT

Strategy 1: Stimulate downtown housing production.

Gateway Cities generally lack housing in their downtowns. This makes it difficult to activate the city center on nights and weekends. Ground-floor establishments miss out on a built-in customer base, and downtown employers cannot offer their workers a highly desirable walking-distance commute. The absence of downtown housing also means that Gateway City rail stations generate far fewer passenger trips than they have the potential to deliver, significantly reducing the performance of our rail infrastructure. With the post-pandemic restructuring increasing demand for reasonably priced housing in vibrant communities, the imperative to build attractive housing in Gateway City downtowns has never been higher.

- **Policy Priority: Raise the HDIP cap to \$30 million per year.** Increasing the extremely low \$10 million annual cap on the Housing Development Incentive Program (HDIP) is arguably the most immediate policy priority, and one that Gateway City leaders are eager to see accomplished as part of a tax package in early 2023. Established in 2014, HDIP solves a critical issue: Rents in most Gateway Cities, even in today's unprecedented housing market, will not support new development or even adaptive reuse of existing buildings. With spiraling construction costs and rising interest rates, significant residential investment in Gateway Cities is increasingly unlikely without a significant increase in HDIP. There is an exceptionally strong cost–benefit proposition for providing HDIP incentives that unlock development that would not occur *but for* this tax credit. Our review of projects completed to date shows HDIP draws \$12 in private investment for each dollar provided by the state. Increasing the cap to \$30 million per year would likely produce \$4 billion of investment over the next 10 years and create up to 12,000 new units of housing.

The House, Senate, and Baker–Polito administration have shown strong support for addressing this issue, increasing funding to \$30 million per year in their respective versions of the 2022 economic development bill. Unfortunately, as a tax-related item, it came out of the final package that the legislature passed in informal session.

With a larger annual cap, the Healey–Driscoll administration will have an enormously powerful tool at its disposal to stimulate Gateway City revitalization. Wielding it effectively begins with

ensuring that the Department of Housing and Community Development (DHCD) has the staff to manage a significantly larger program. HDIP's flexibility and relatively simplicity makes it an accessible tool for smaller developers, particularly firms owned by people of color and local to the Gateway Cities. Working with MassDevelopment, MassHousing, BECMA, and others, the administration can make it a priority to ensure that these developers are aware of the opportunity and are supported in their efforts to utilize it.

- ***Policy Priority: Extend the brownfields tax credit and recapitalize the brownfields redevelopment fund.*** Gateway Cities welcome dense infill development and all the fiscal and environmental benefits that it brings to the commonwealth. However, repurposing contaminated industrial land for residential use requires significant remediation. Massachusetts has a brownfields tax credit that remains a model for the rest of the country. Unfortunately, like HDIP above, the legislature removed language extending it from the final economic development package. Additionally, the legislature has not recapitalized MassDevelopment's Brownfields Redevelopment Fund since 2016. These two tools are critical to generating housing production in Gateway Cities. Restoring them must be high on the list of priorities for the incoming housing team.

Strategy 2: Strengthen Gateway City neighborhoods.

Triple-decker neighborhoods are the quintessential fabric of Gateway Cities. They offer a "naturally occurring" stock of affordable housing and a unique wealth-building opportunity for families that purchase them. In recent years, this housing stock has been battered by the foreclosure crisis, followed by a wave of speculative absentee ownership.⁶ With the notable exception of the Neighborhood Renewal Division in the Attorney General's office, Massachusetts has lacked neighborhood stabilization programs to address problem properties before they are lost to deterioration and negatively impact surrounding homes. MassHousing is filling this void with the Neighborhood Hub Initiative and the Neighborhood Stabilization Program, but these efforts are extremely small and under-resourced relative to three pressing concerns.

Most immediate is the growing number of people of color purchasing homes in Gateway Cities, often disproportionately in these cities' least stable neighborhoods. Massachusetts must have policies and tools to protect neighborhoods, so these homeowners do not lose their hard-earned equity if rising interest rates destabilize markets.⁷ Second, Massachusetts needs to start approaching neighborhood stabilization as central to long-term efforts to strengthen Gateway City schools and reverse the extremely damaging trend of increasingly high levels of concentrated poverty in these inclusive urban districts.⁸ Third, Massachusetts has to plan carefully for these neighborhoods as the state promotes housing decarbonization. Policies to increase energy efficiency and support conversion to electric heating systems have heavily favored more affluent residents. Without a more equitable approach, the rising cost of providing legacy carbon-based fuels will fall heavily on low- and moderate-income households, and the housing in older urban neighborhoods will become relatively less desirable.

- ***Policy Priority: Increase the allocation for the Neighborhood Stabilization Program (NSP) in the FY24 capital budget.*** The 2021 economic development bill included \$50 million for a new neighborhood stabilization fund to help return blighted and abandoned homes back to productive use. The Baker–Polito administration allocated a total of \$13 million to the program in the FY22 and FY23 capital budgets. This amounts to less than 3 percent of the state's total housing bond

cap. The Healey–Driscoll administration should increase the allocation and spend down the remaining \$37 million over the next two fiscal years.

- **Policy Priority: Scale up MassHousing’s Neighborhood Hub.** MassHousing’s Neighborhood Hub provides technical assistance to help Gateway Cities rehab blighted housing. However, the initiative is positioned to do more by serving as a go-between in state government for other issues that directly impact neighborhood health, most notably school-centered neighborhood revitalization strategies and efforts to decarbonize the older, small-scale multifamily housing stock found in Gateway Cities. MassHousing has built the Neighborhood Hub with a very modest \$750,000 line item (7002-1502) in the state budget. The administration should maintain and increase this line item, consistent with the initiative’s leadership and demonstrated impact.
- **Policy Priority: Empower municipalities to use eminent domain for scattered site acquisition of distressed properties.** For abandoned homes with title issues, eminent domain can give cities a much more efficient and predictable process to acquire and rehab properties. A number of states have updated their eminent domain statutes to clarify how cities can utilize these powers for scattered site acquisition in neighborhoods with many distressed properties. Working with several partners and *pro bono* support from Anderson Kreiger, the Massachusetts Association of Community Development Corporations drafted legislative language for Massachusetts. Providing municipalities with these powers (and offering training so that they can wield them effectively) has taken on additional urgency, as DHCD recently reached the conclusion that the state’s current statute does not allow cities to create urban renewal authorities to perform scattered site acquisition.

Strategy 3: Support inclusive entrepreneurship.

Despite a world-renowned innovation economy, the number of small-business starts in Massachusetts trended steadily downward for more than two decades before the pandemic. Research suggests this was at least in part attributable to the state’s increasingly diverse population and the lack of financial resources and access to capital and business networks for residents subject to discrimination.⁹ Pandemic recovery funds enabled a new generation of entrepreneurs to launch businesses. These fledgling enterprises are enlivening Gateway City downtowns. Massachusetts must adopt a robust set of strategies to kindle and sustain this entrepreneurial energy.

- **Policy Priority: Direct a portion of online sales tax revenue to a fund that supports small business districts in downtowns and commercial areas.** Massachusetts has a local district management toolbox that includes business improvement districts, parking benefit districts, and cultural districts. Experience throughout the country demonstrates that these entities can provide a real boost to commercial areas by marketing them, activating public spaces with music and other activities, connecting small businesses to technical assistance, and developing and executing long-term improvement plans. With high rates of vacancy and limited financial resources, most Gateway City commercial zones are unable to generate sufficient revenue to operate effective district management entities. By dedicating a portion of online sales tax collection to a state matching fund, Massachusetts can reinvigorate main street commercial districts where entrepreneurs of color are increasingly launching businesses.
- **Policy Priority: Ensure the SBTA grant program has stable funding to meet growing demand.** Gateway Cities across the commonwealth are working to build ecosystems that support inclusive

entrepreneurship. At the center of these regional ecosystems are technical assistance providers that offer a range of services to small businesses, depending on their needs and growth stage. Since FY15, the Mass Growth Capital Corporation (MGCC)'s Small Business Technical Assistance (SBTA) grant program has been the main source of state funding for these providers. This program must increase, to allow these providers to service the growing number of small businesses in the state. The Coalition for an Equitable Economy is advocating for \$10 million per year to meet current needs, a relatively modest ask relative to the importance of this work.

Strategy 4: Ensure that state policies are sensitive to Gateway City market conditions.

In too many instances, state policies reinforce macroeconomic trends, leading to uneven growth and rising inequality rather than providing a counterbalance. Agency leaders and policymakers must carefully consider how housing and economic development programs are structured. In some cases, they will not function effectively for Gateway Cities, due to their weak markets or the relatively small-scale development opportunities available. As the administration develops strategies to build the infrastructure of the future and adopt clean energy, it must be especially cautious to ensure that Gateway Cities are full participants.

- ***Policy Priority: Address building code provisions that create extreme geographic disparities.*** Massachusetts is the only state in the country that requires an older building to meet the current code in its entirety whenever renovations surpass a threshold of 30% of the property value *prior to the improvements*. Given the low value of many older buildings in Gateway Cities, even very modest investments can trigger this requirement, punishing local property owners who are trying to do better and disincentivizing many from making improvements. As building code requirements become more stringent and costs rise, this issue becomes an ever-larger obstacle to Gateway City revitalization.
- ***Policy Priority: Create a working group to refine EOHEd's "One-Stop" application process. In the short-term, accept funding requests on a rolling basis for projects to which municipalities have allocated local ARPA funds.*** In 2021, the Baker–Polito administration implemented the One-Stop application process, which consolidated every Executive Office of Housing and Economic Development (EOHED) funding request into a single application round that takes place once per year. Streamlining and reducing the number of separate program applications was well intentioned, but in practice, housing and economic development opportunities do not arise on a set schedule, and cities risk losing critical projects that can't wait a full year for state support. Gateway City housing and economic development officials also suggest the process has increased the administrative burden on them, because they must compile information for every project in the city that is seeking state support at the same time, and often near the end of the fiscal year when staff are already stretched thin. These timing and staff capacity challenges are particularly problematic as municipalities race to move ARPA projects forward to meet federal deadlines.

TRANSPORTATION

Strategy 1: Support walkable downtowns by right-sizing and consolidating parking.

Recent MassINC research shows that parking consumes one-third of all developable land in Gateway City downtowns. The sea of pavement creates dead zones and contributes to urban heat island effects, making these places less hospitable to pedestrians and the local economic activity that they bring.¹⁰ With the

impending transition to electric vehicles (EVs), now is the opportunity to help Gateway Cities adopt smart parking technologies and other approaches that reduce the amount of land area devoted to private vehicles.

- **Policy Priority: Increase funding for Chapter 90.** Level funding Chapter 90 for the past decade has led to the deterioration of local roads and bridges. This challenge is especially severe for Gateway Cities, which lack the municipal tax base to compensate for declining state aid. These communities also have more complex urban infrastructure to build and maintain; Chapter 90 is a vital resource for building “competitively streets” that can safely accommodate pedestrians, bikes buses, and cars.
- **Policy Priority: Create a new parking bond program to help Gateway Cities centralize parking, adopt new parking technologies, and transition to EVs.** Years ago, Massachusetts operated a state bond program to help municipalities finance public parking garages. Cities that had access to the funds built facilities that are now aging and in need of repair or replacement. Others did not receive this funding and lack adequate structured parking. Massachusetts can design a parking bond program for the future that positions communities to consolidate public parking and create opportunities for infill development. At the same time, the fund can help resolve a looming equity issue. Electric vehicles remain impractical for most urban residents, due to lack of access to charging infrastructure. Modern municipal garages could help address this barrier and provide more low- and moderate-income residents with the ability to charge their vehicles affordably.
- **Policy Priority: Incentivize municipalities to reduce local parking requirements.** Most Gateway Cities still require developers to build far more parking than needed, often two parking spaces per housing unit or one space per bedroom. The Housing Choice zoning reforms passed in early 2021 enable municipalities to reduce local parking requirements by a simple majority vote, but the state could build on this progress by offering modest planning grants for traffic studies, intersection improvements, and walkability enhancements in communities that reduce or eliminate parking minimums in downtowns or other transit-oriented areas.

Strategy 2: Position regional transit authorities (RTAs) to maximize ridership.

RTAs are key to infill development in congested urban cores, and key to a future where Gateway City residents enjoy a high quality of life with less reliance on private vehicle ownership. At present, limited public transit service on nights and weekends makes it difficult for residents to utilize this mode of travel. One in five Gateway City households is currently transit-dependent and must make do with inadequate service.

- **Policy Priority: Support RTA efforts to implement and sustain zero-fare service.** Emerging evidence suggests eliminating fares on regional transit systems can dramatically increase ridership, reduce trip times, and improve the ride experience for passengers and drivers. Eliminating fares will likely pass the cost-benefit test for most RTAs because fare collection is expensive and generates relatively modest revenue. Implemented during the pandemic, Worcester’s zero-fare policy helped the agency retain 50% more riders than other RTAs, and its popularity has led the board to extend it into 2023. The Merrimack Valley RTA adopted a fare-free system in February 2022, and more than doubled ridership over the next seven months. The transit system is now carrying more passengers than before the pandemic.

- **Policy Priority: Ensure that RTAs receive their fair share of Fair Share transportation revenue.** A limited pool of funds has perpetually left RTAs without resources to operate at service levels that support heavy utilization. At a minimum, Fair Share dollars should ensure that RTAs receive adequate funding to meet demand for night and weekend service on all existing routes and help pay for free fares where appropriate. RTAs also need a predictable annual revenue escalator from the state to counter inflation and prevent service erosion.

Strategy 3: Accelerate commuter rail transformation.

The development of a rail network that carries riders to urban centers throughout the state is the centerpiece of a polycentric economic growth strategy. Through the Rail Vision planning process, the MBTA developed a blueprint to leverage the state’s existing commuter rail infrastructure. The pandemic combined with unprecedented challenges at the MBTA have slowed this effort. The incoming administration must ensure that rail transformation is a priority for the agency’s new leaders.

- **Policy Priority: Implement means-tested fares to make the commuter rail affordable for low-wage workers.** For Gateway City residents, the most immediate and transformative step the administration can take is to act immediately to make commuter rail an economically viable transportation option. The current price structure is clearly both cost-prohibitive and exclusionary. Cordoning off the service from low-wage workers also does not make economic sense for the MBTA, when there is considerable capacity to carry additional riders, and administering a means-tested fare adds minimal expense with existing fare collection technology.¹¹ Rather than increasing budget deficits, as some have indicated, a reduced fare would likely draw more low-income riders and produce net new revenue for the MBTA in the long run.
- **Policy Priority: Build and renovate Gateway City rail stations.** While the rail vision plan provides a detailed catalog of the track and rolling stock upgrades required to maximize the potential of regional rail, it is missing one major component: downtown stations. As noted in MassINC’s recent social infrastructure study, these facilities are vital civic architecture. They signal the value we place in public transit and have a major influence on the development potential of adjacent real estate. Many Gateway Cities lack stations entirely. With the exception of Springfield and Worcester, those with stations are no better off; their existing structures are poorly designed, deteriorating, and out of compliance with the Americans with Disabilities Act.

EDUCATION

Strategy 1: Expand evidence-based models in K–12 education that leverage Gateway City assets to increase socioeconomic integration and close achievement gaps.

Socioeconomic diversity is essential to the long-term health of regional urban centers. Three decades into education reform in Massachusetts, the one defining lesson is that integration remains key to reducing opportunity gaps and reversing rising inequality. The administration must focus on positioning Gateway Cities to expand school models that are attractive to all families but that provide especially large benefits to students from low-income households.

- **Policy Priority: Build strong Early College partnerships.** Early College is the quintessential example of an evidence-based model that can close achievement gaps and increase integration. Early College has been a priority for Gateway City leaders since they partnered with MassINC to

develop a shared education vision in 2013.¹² Working together with the legislature and the Baker–Polito administration, Gateway Cities have launched dozens of promising Early College partnerships. However, significant work remains to expand access and increase quality. The incoming administration should carefully study and execute on the transition strategy developed jointly by members of the Early College Alliance.

- ***Policy Priority: Build strong dual-language immersion schools.*** Elementary and middle schools that give students the opportunity to develop fluency in a second language can draw middle income families to urban districts. Like Early College, a large body of literature shows that this dual-language immersion model benefits all students, but particularly those who are underserved. Launching these schools has also been a priority for Gateway City leaders since the 2013 education vision, but relative to Early College, the state has provided very little support. Gateway Cities need startup funds, professional development, and assistance recruiting an educator workforce that can deliver instruction in two languages.
- ***Policy Priority: Reform the School Building Authority process to address funding disparities and support integration.*** While most Massachusetts school districts face declining enrollment, many Gateway Cities enjoy growing populations with unprecedented diversity and need. Yet, spiraling construction costs and Massachusetts School Building Authority (MSBA) caps on state reimbursement now force Gateway Cities to struggle to access MSBA funds. This furthers educational inequity and makes it exceptionally difficult to reduce concentrated poverty. Changes to the MSBA funding process are required to prioritize schools with unhealthy conditions and those that aim to serve a socioeconomically diverse population.

Strategy 2: Build high-quality early learning systems.

Gateway Cities have spent more than a decade honing strategies to help all children gain a strong social–emotional and cognitive foundation for learning. Unfortunately, these efforts have faced strong headwinds, with funding for their mixed-delivery early learning systems lagging well behind economic growth, and educators fleeing for jobs that pay enough to cover their rising living expenses. With consensus that Massachusetts must do more to ensure that all families have access to quality care, there is a compelling argument for building this more robust approach ground-up from the Gateway Cities.

These communities have done the planning and they have sophisticated partners with the know-how to administer an effective mixed-delivery system. Investment in these communities, which have large concentrations of low-income households, will close opportunity gaps. At the same time, quality care is in such high demand that it could draw young professionals to Gateway Cities, increasing socioeconomic integration and reducing concentrated poverty in K–12 schools. Meeting demand for quality care will also require significant real estate investment. Child care facilities are ideal ground-floor tenants in transit-oriented development projects and mixed-use buildings that anchor neighborhood commercial corridors.

- ***Policy Priority: As the debate on the future of early education and care in Massachusetts unfolds, provide policy leadership on strategies to increase socioeconomic integration and coordinate with the housing and transportation secretariats to ensure that early learning investments complement efforts to stimulate urban revitalization.***

MUNICIPAL GOVERNANCE

Strategy 1: Help Gateway Cities hire talented staff to build the infrastructure of the future.

With unprecedented federal funding opportunities, it is paramount that municipal governments have personnel with the skills to manage complex infrastructure projects. Municipal staff will need to pursue numerous competitive grant programs with aggressive deadlines and a dense set of evaluation criteria, regulations, and contracting requirements. With a flurry of solicitations from companies promoting public–private partnerships and new technologies, they must be able to sort truth from fiction. As projects move forward, these staff will be tasked with coordination between state and federal agencies and private contractors. Hiring skilled and experienced professionals is always challenging for local governments. Now, they face exceptionally tight labor markets and competition from private firms staffing up to compete for federal funds.

- ***Policy Priority: Create an infrastructure fellows program to help cities deploy new federal funds for broadband, water and sewer, and renewable energy.*** The Massachusetts Broadband Institute and the Massachusetts Clean Energy Center can import the proven fellowship model introduced by MassDevelopment’s Transformative Development Initiative (TDI). TDI has demonstrated that the reach and prestige of a large state agency will generate a large number of qualified applicants for positions in Gateway Cities. Onboarding the fellows in a cohort fosters professional bonds and allows them to tap each other for specialized expertise. The cohort model also creates economies of scale for training and professional development. With a modest commitment of resources, fellows can help ensure that Gateway Cities make optimal investments in long-lived infrastructure that will have profound implications for the state’s future competitiveness.

Strategy 2: Position municipalities to leverage local procurement to further community development.

Utilizing public spending to help grow locally owned businesses has long been part of the community development playbook. In recent years, this approach has gained additional momentum, with hospitals, universities, and other anchor institutions bringing significant private purchasing power to the table. However, as highlighted in a recent MassINC–Lawyers for Civil Rights study, Massachusetts law severely constricts the ability of municipal government to consider local ownership when awarding contracts.¹³ This makes it difficult for cities to mount successful supplier diversity efforts, which often means there is limited competition for government contracts. At a time when cities are tasked with rapidly deploying billions of dollars in public capital, lack of bidders will drive up prices and reduce return on investment. Equally problematic, businesses owned by people of color are extremely underrepresented in municipal procurement, with current procurement practices. Exclusion from this unprecedented flow of federal investment would further racial wealth disparities in the commonwealth.

- ***Policy priority: Reform state procurement laws for goods and services purchases, public buildings, and public works to empower municipalities to launch effective supplier diversity programs.*** With relatively straightforward legislative changes, Massachusetts can allow municipalities to adopt policies that are commonplace in cities throughout the country and best practice according to the National League of Cities.¹⁴ These changes include expanding the state’s existing sheltered market program to include small local businesses and cover public building and public works construction. Similarly, municipalities should have the same power as state agencies to consider supplier diversity goals when evaluating RFPs for goods and services, public buildings, and public works.

About the Authors

[Ben Forman](#) has served as the Director of MassINC’s Gateway Cities Innovation Institute since 2012. He has led and contributed to more than two dozen studies on a range of Gateway City policy issues, including the 2007 MassINC–Brookings Institution Gateway Cities report. [André Leroux](#) leads MassINC’s Gateway Hubs Project. He previously led the Massachusetts Smart Growth Alliance as executive director from 2007–2020, successfully championing zoning reform and other policies to support walkable, affordable, vibrant, and diverse communities.

About MassINC

Founded in 1996, MassINC’s mission is to provide the people of Massachusetts with the information they need to participate fully in our democracy. We are a nonpartisan 501(c)(3) and achieve impact through independent research, nonprofit journalism, and civic engagement.

About the Gateway Cities Innovation Institute

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

NOTES

¹ See: Sherry Lee Linkon and John Russo. *Steeltown USA: Work and Memory in Youngstown* (Lawrence, KS: University Press of Kansas, 2002). For more on collaborative leadership in Gateway Cities, see: [Leading Together: Four Case Studies of Successful Gateway City Initiatives](#). (Boston, MA: MassINC, 2015).

² Ben Forman. [Sizing Up Massachusetts’ Looming Skilled Worker Shortage](#). (Boston, MA: MassINC, 2022).

³ Mark Muro and others. [Reconnecting Massachusetts Gateway Cities: Lessons Learned and an Agenda for Renewal](#). (Boston, MA: MassINC, 2007).

⁴ For a summary of this research, see: Daniel Hodge and Ben Forman. [The Promise and Potential of Transformative Transit-Oriented Development in Gateway Cities](#). (Boston, MA: MassINC, 2018), pp. 24–26.

⁵ The Federal Reserve Bank of Boston recently hosted a conference on the post-pandemic labor market. All of the papers and presentations are [available online](#). We highly recommend reviewing these materials.

⁶ Ben Forman and Alan Mallach. [Building Communities of Promise and Possibility](#). (Boston, MA: MassINC, 2019).

⁷ Ben Forman and Abraham Reiss. [Will Recent Homebuying Trends Intensify Racial Wealth Gaps?](#) (Boston, MA: MassINC, 2020).

⁸ Ben Forman and Simone Ngongi-Lukula. [Choosing Integration](#). (Boston, MA: MassINC, 2022).

⁹ Ben Forman. [Unleashing the Potential of Entrepreneurs of Color in Massachusetts](#). (Boston, MA: MassINC, 2021).

¹⁰ André Leroux and others. [Social Infrastructure: Towards More Walkable, Resilient, and Inclusive Gateway Cities](#). (Boston, MA: MassINC, 2022).

¹¹ Elizabeth Haney and others. [Prioritizing Equitable Growth Through Fare Policy](#). (Boston, MA: MassINC, 2019).

¹² [The Gateway Cities Vision for Dynamic Community-Wide Learning Systems](#). (Boston, MA: MassINC, 2013).

¹³ Oren Sellstrom and others. [Empowering Cities to Accelerate Equitable Growth](#). (Boston, MA: MassINC, 2022).

¹⁴ See: Jenn Steinfeld and others. [Inclusive Procurement and Contracting: Policies, Programs, and Practices for Local Leaders](#). (Washington, DC: National League of Cities, 2020).