WORCESTER, MASSACHUSETTS:
TWENTY-FIVE YEARS OF DOWNTOWN DEVELOPMENT

by

Deborah L. Cantwell

Submitted to the Department of Urban Studies and Planning
in Partial Fulfillment of the Requirements for the Degree
of Master of Science in Real Estate Development

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Θ Deborah L. Cantwell

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Signature of Author

J. Mark Davidson Schuster
Associate Professor
Department of Urban Studies and Planning
Thesis Supervisor

Accepted by

Gloria Schuck
Departmental Chairperson
Interdepartmental Degree Program
in Real Estate Development
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ABSTRACT

The development histories of major downtown projects over the last twenty-five years are presented and characterized according to the type and degree of city involvement. Major trends in the organization of the city's institutional infrastructure are indentified as well.

These trends and changes illustrate the city's role in the deterioration of downtown development over the time period.

Recent events indicate that the city is reorganizing and redirecting its development efforts by emulating the organizational structure and methods it utilized in the 1960s and 1970s with great success.

Thesis Supervisor: J. Mark Davidson Schuster
Title: Associate Professor
Department of Urban Studies and Planning
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CHAPTER I

INTRODUCTION

Worcester, Massachusetts, the second largest city in the state, was incorporated as a city in 1848. Since 1947 the city has been governed by a city manager and nine-member City Council.¹ With a current population of 169,759, Worcester's growth pattern, like most of the communities in Massachusetts, is connected with Boston's. Some forty miles west of Boston, Worcester has served throughout its history as a focal point for the Central Massachusetts region. While Worcester sometimes suffers from its close proximity to Boston and its attractions, it also often benefits by being able to provide businesses and families a lower cost of living and doing business while retaining easy access to transportation, cultural facilities and industry.

Much of Worcester's development during the late 19th and early 20th century was linked to its settlement by a large group of inventors and manufacturing enterprises during the country's industrialization period. Manufacturing remained the dominant economic force in the city through the mid-20th century, with such major companies as Norton

and Wyman-Gordon continuing as major employers to the present. However, the manufacturing sector began to experience decline into the 1970s. The city is still a dominant force in an even larger region, but its function has changed significantly. Since 1970 manufacturing employment has dropped from nearly fifty percent of total employment to twenty percent, while services/finance employment has increased from twenty percent to more than forty percent.¹

The city is home to nine colleges, with a student population of nearly 20,000. There are eight hospitals, including the University of Massachusetts Medical Center. The city has recently developed the Worcester Biotechnology Park near the Medical Center and has attracted such large research facilities as the $100 million BASF cancer research institute.²

The shift in the national economy which began in the early 1970s gave rise to a dramatic increase in construction activity during the 1980s, but this was mostly in the residential sector in the surrounding region. During this period, Worcester's population declined from a peak of 210,000 in 1950 to 162,000 in 1980.³

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Despite the construction of major highways I-290 and I-190 in an attempt to improve access to the city and particularly its downtown, this area experienced a gradual yet steady decline until major revitalization projects were undertaken.¹

The first and most ambitious project, Worcester Center, was hailed as the first step towards a new downtown and as a prime example of the public-private type of negotiated development deemed necessary for the revival of downtowns. Twenty-five years later, downtown Worcester is criticized as being the "home of dashed development dreams."²

I will illustrate that the changes in the city's involvement in downtown development have contributed to this decline from an auspicious beginning to such a dismal prospect.

Certain trends can be identified by examining the changes in how the city has structured its downtown development process and its institutional infrastructure. There is also emerging evidence that the city is attempting to emulate the downtown development structure it utilized in the 1960s and 1970s.

While some might consider the decline in downtown

development from other perspectives such as the significant involvement of certain key individuals committed to seeing downtown Worcester survive and grow, or the effects of national economic and political events, my purpose is to concentrate solely on the city's role.
CHAPTER II

DEVELOPMENT HISTORIES OF MAJOR DOWNTOWN PROJECTS

In this chapter, the ways in which the city structured the development process of certain major downtown projects are illustrated through the development histories of these projects, beginning with the initial conception for Worcester Center in 1965 through the present. The projects were chosen based on their location within the defined area, as well as their size and impact upon downtown Worcester.

The downtown area is defined as extending along Main Street from Federal Plaza to Lincoln Square, and along Worcester Center Boulevard from Worcester Center to Lincoln Square.

WORCESTER CENTER

Unquestionably, the urban revitalization of downtown Worcester began with the Worcester Center complex. This project was an outstanding example of the city taking an active partnership role with a private developer. It also illustrates the extensive influence and power of that the Worcester Redevelopment Authority (WRA) possessed at that time, as the singular city agency responsible for and directing downtown development. The WRA's flexibility in
dealing with the developer relative to difficulties encountered during the development period is also evident. This first project, the largest built to date, also received the most public funding, from the city, the state and the federal government.

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**PROJECT PROFILE:**

**TOTAL COST:** $127 million  **TYPE:** Mixed-use

**LENGTH:** 1965-1971  **DEAL STRUCTURE:** Public/private

**LAND OWNERSHIP:** Public (WRA)

**PUBLIC FINANCING:**  **AMOUNT:** $25 million  

**TYPE:** Loans and grants  

**SOURCE:** City, state and federal

**MAJOR INVOLVEMENT BY CITY AGENCY(S):** WRA

**STATUS:** $100 million expansion and renovation planned

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Upon its completion in 1971, this project provided the downtown area with: a twenty-story office tower; an eight-story office building; an enclosed galleria and mall area with 1 million square feet of retail area; and more than 4300 enclosed parking spaces, on a thirty-four acre site.1

The Worcester Redevelopment Authority (WRA), with a $7 million federal grant for acquisition of the property, began

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assembling the eighty-three separately owned parcels in 1965. By January 4, 1966, most of the parcels had been taken by eminent domain and an estimated $5 million paid by the city in relocation damages.¹ In June of the same year, the WRA named Worcester Center Associates (WCA), a Boston-based firm, as the developer of the commercial project. The firm agreed to pay the city $3.3 million for the parcel, and Worcester based Paul Revere Life Insurance and State Mutual committed $1 million each as "seed money" for the project. The developer agreed to construct the center without asking for any tax concessions. State officials lauded the efforts of the WRA, particularly Chairman Edward Maher, in making the project a reality. Governor Volpe remarked, "The Worcester Center renewal project is of such magnitude that its impact will be felt not only by the city of Worcester but by the commonwealth as a whole, bringing national attention to both city and state."²

WCA declared that one of the main reasons they had decided to bid on the project was the active and eager participation of the Worcester community, ensuring that the project would be built, the expected cooperation of the

¹. "WRA Becomes 'Mr. Landlord' of 74 Center Site Parcels", The Worcester Telegram, January 5, 1966.
public agencies involved, and the equity money and other services provided by State Mutual and Paul Revere Life.¹

The WRA immediately began work on the land disposition agreement which contained, in addition to other city controls relative to completion and types of uses permitted, a clause empowering the city to form an architectural review board which would have full approval of the preliminary and final architectural plans as well as engineering specifications of the developer. Although the city encountered difficulties in providing clear title to the parcel, thus delaying actual transfer of the land and financing arrangements, the city and the developer were able to work out an agreement whereby construction would start prior to payment. The developer, however, agreed to begin paying taxes on the land from the start of construction.

The official groundbreaking took place in June of 1969, one year later than expected. Edward Maher stated that the delay had been small considering the complexities and magnitude of the project. He also added that the success of the project could be attributed to the close cooperation of all parties in the project.²

At this time the developers also announced that the


estimated cost of construction for the project had risen from the initial estimate of $40 million to $80 million. The additional funds spent by the city and the WRA brought the total to $95 million. Two-thirds of the expenses paid by the WRA ($8 million) were paid by the federal government, the rest by the city and state. Two major department stores, Jordan Marsh and Filene's, had signed leases for the center, but would own their own buildings and finance them separately. Estimated costs for these two buildings was $17 million, included in the $80 million figure. 1

WCA also received permanent financing for the project in 1969. Connecticut General Life Insurance Company and Teachers Insurance and Annuity Association of America agreed to provide $20 million each for the $40 million mortgage. Later that year the developers received a commitment from the First National Bank of Boston for $40 million in interim financing and an additional $7 million from State Mutual Life Assurance Company of America. 2

Finally, in December of 1969, the land for Worcester Center was officially transferred to WCA. City Manager McGrath called it "the most historic event ever to take place in City Council chambers". Edward Maher praised WCA

for "its people's outstanding co-operation". He said the developers made many important concessions during the land sale proceedings. Virtually every official at the City Council ceremony singled out and commended Maher for his tremendous efforts in bringing the Worcester Center project to fruition.¹

Worcester Center held its grand opening ceremony in August of 1971, much to the surprise of both tenants and other developers who were skeptical about the ambitious construction schedule the developers had set considering the magnitude of the project. Joel Wilder, one of the principals of the development firm, when asked what had made the complicated enterprise successful, "credited city cooperation – with particular praise to members of the Worcester Redevelopment Authority – as one of the major factors in removing obstacles and red-tape."²

Thomas I. Atkins, State Secretary of Communities and Development, also singled out the city's efforts in the Worcester Center project as a good example of the cooperation between public and private sectors. He also stated that, "Worcester has a better mix of private-public efforts


than 90 percent of the cities and towns in Massachusetts." Atkins cited the Worcester Area Chamber of Commerce as having played a "key role" in supporting public programs for development in the area. Unlike most other chambers of commerce, Worcester's was not satisfied in just playing a "public relations" role.¹

Final investments by both public and private entities was substantially greater than initially estimated. Interim financing for the developer consisted of $40 million split four ways: Teachers and Connecticut General each put up $12.5 million; First National Bank of Boston added $8 million; and The Ford Motor Credit Company put up the remaining $7 million. The original $2 million in "seed money", from Paul Revere Life Insurance and State Mutual Life took the form of a nonliability loan. However, the $40 million in permanent financing, shared equally by Connecticut General and Teachers, left WCA short of the funds needed for the increased cost of the project from the original estimate, and at a bad time. Money was tight and hard to come by so WCA went to State Mutual once again. The result was a much-publicized and much-criticized deal by which a $3 million sale-lease back arrangement for land under the center was arranged, and a $6 million lease-hold, or second mortgage, 

¹. Michael J. Pardee, "Atkins Hails City As 'Good Example'", The Evening Gazette, March 21, 1972.
was issued. WCA had the option to buy the land back between the twenty-sixth and thirtieth year of the loan for $6 million. The WRA was concerned about the sale-leaseback arrangement mainly because of potential problems with receiving future grants from the federal Housing and Urban Development Department. HUD eventually approved of the arrangement and the WRA consented to the financing mechanism.\(^1\)

On the public side, estimates are that more than $25 million was spent by the city, state, and federal governments in connection with the complex. The federal share was $14,349,280 and the city's was $10,861,960, half of which would be returned from the state over a 20-year period. Over $7 million of this figure was spent in acquiring the various parcels, $2 million for relocation damages, and the remainder in site improvements and demolition.\(^2\)

The first hint of trouble in the relationship between the city and developer surfaced in late 1971 and early 1972. The land disposition agreement between the parties provided for a hotel on the site to be built by the developer and land to be donated to the city for a publicly financed and developed civic center. When the developer announced that it would seek to use the land designated for the civic

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center for a third major department store and the hotel, the WRA released WCA from donating the land. The city, however, kept pressure on WCA to build the hotel, and refused to issue a certificate of completion for a portion of the site.¹

In November of 1972, the developer requested a substantial extension on its deadline for building the center hotel because of controversy over how the city was assessing real estate taxes in the city, in particular on Worcester Center. The WRA had given WCA until November 1, 1972 to present plans for the hotel or face forfeiture of a $100,000 letter of credit. The request for an extension was granted by the WRA. Chairman Maher defended the decision by stating, "There is a reluctance on the part of any investor to make any substantial investment in the city. The Worcester Center Associates cannot negotiate any agreement on a hotel or third department store unless there is a complete clarification of the tax procedures to be used by the city."²

In 1973 WCA announced that it would seek an abatement on that fiscal year's valuation for the center. Joel Wilder criticized the city for "going back on its word" to base

² Mel Singer, "Delay Asked in Submitting Hotel Plans", The Evening Gazette, November 1, 1972.
taxes on capitalization of income, without which promise Worcester Center would never have been built. He also claimed that "the tax burden would amount to confiscation of the property."\(^1\) The Worcester Board of Assessors denied the requested abatement but the state Appellate Tax Board granted an abatement in 1976. WCA went once again to the Appellate Tax Board in 1986 to seek abatements on assessments for 1984 and 1985, which were granted.\(^2\)

In 1974 WCA asked the WRA for release from its commitment to build a hotel on the Worcester Center site. Wilder defended the request because of the cities current plans to build a civic center/sports arena and hotel on a nearby site. The Board granted the request based on WCA's long-standing promise to construct a third major department store on the site instead.\(^3\)

In May of 1988, New England Development Inc. (NED) announced that they were purchasing the entire Worcester Center complex. The announcement came after a year and half of complicated negotiations involving the present and future owners as well as much of the political and business leader-

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ship of the city. The city was extremely concerned at this
time about the future of Worcester Center because of numer-
ous tenants moving out and decreasing sales figures. The
third department store had never materialized, a factor most
felt was crucial to the center's success. As part of the
purchase package NED promised a major mall renovation and
expansion and asked the city for assistance in the redesign
of Route I-290, the major highway through the city. Stephen
Karp, a principal of NED, said that the renovation and
development "will take some good solid planning and communi-
ty involvement. The nucleus of the business community
clearly wants this, wants the downtown to be vital and
growing, and we think we can be the catalyst."1

By 1989 the city had become impatient with the lack of
progress the new owners had made regarding the redevelop-
ment. NED blamed the stalled plans on problems associated
with Jordan Marsh. They claimed that no progress could be
made until Campeau's (the new owner of that chain) position
became clear. (The store eventually closed in 1991, which
resulted in additional tenants leaving Worcester Center.)
It was obvious that at least one additional major anchor
tenant needed to be found to make the planned expansion
feasible. Under pressure from the City Council and Chamber

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1. Renda E. Mott, "Worcester Center Complex Is Sold", The
of Commerce, plans for the redevelopment of the center and redesign of the adjacent City Common were finally presented and accepted by the City Council in September of 1990. Richard Feldman, project manager for NED, worked closely with city officials and the Chamber of Commerce on developing these plans. The city still felt strongly that Worcester Center was the key to the planned renovation of the entire downtown area.

City Manager William Mulford filed an application with the state for a $1 million Community Development Action Grant that would help pay for a $5.4 million streetscape improvement and beautification program. The program would take place in conjunction with the $35 million redevelopment of Worcester Center by NED. The improvement work by the city was deemed necessary for the success of recent efforts attempting to market the city to developers and business concerns, and considered a first step toward revitalizing Worcester Center. Mayor Jordan Levy insisted that "the city has to make the investment if the project is to become a reality".1

To date, no progress has been made on the renovation and expansion of Worcester Center. In June of 1991, the owners of the center asked Governor Weld to support a plan

to provide another $50 million for the project. The proposed funds would consist of tax-increment financing from MIFA (Massachusetts Industrial Finance Authority). MIFA is a quasi-public agency that issues bonds aimed at creating or preserving jobs. However, Massachusetts is one of only eight states that does not permit tax-increment financing. State law would need to be changed in order to allow the proposed bond issue. The city of Worcester has repeatedly supported bills favoring such financing. Such legislation has been voted down each of past six years. Target Worcester's Executive Director, Janet Slovin, believes that tax increment financing is "necessary in order to ensure the revitalization of cities such as Worcester."  

Meanwhile, NED has obtained a financing commitment for the project from its major lender for $70 million. The owners of the center feel that a total investment of at least $100 million is necessary in order to attract major anchor tenants. The city has expressed its concern with the long-delayed plans but vows to work with NED in order to make them happen. Mayor Levy has stated that "The lack of progress has obviously had some devastating effects on the total of downtown." An editorial in the Worcester Business ---


Journal states that "For 20 years, Worcester Center has been an albatross around the city's neck, a misconceived attempt at urban renewal that never gave as much as it took from the core district that centers our region....The company has contributed to the economic strangulation of this city by mutely sitting by while the renovation plans announced with such fervor in the late 1980s failed to materialize."¹

MECHANICS HALL

Mechanics Hall is a good example of a downtown project in which the city had a minimal involvement. Although the city did contribute a small percentage to the development funds, the majority of those funds were raised primarily through private donations. In addition, the city was not involved with the decision or process of renovation and restoration. Mechanics Hall had always been considered as an important downtown structure and its restoration also portrays the lack of focus on restoring historical fixtures by the city. Most planning efforts undertaken were directed towards new construction in the proximity of Worcester Center at this time.

PROJECT PROFILE

TOTAL COST: $6.5 million    TYPE: Entertainment
LAND OWNERSHIP: Private
PUBLIC FINANCING: AMOUNT: $200,000
                    TYPE: Federal Revenue Sharing Funds
                    SOURCE: City
MAJOR INVOLVEMENT BY CITY AGENCY(S): None
STATUS: Complete

The Great Hall Hall was built in 1857 by the Worcester Mechanics Association. The great hall served as the center of cultural and civic life in greater Worcester until it gradually fell into disrepair and disuse. By 1953 the building was for sale serving only as a facility for wrestling matches and roller derby events.1 After being closed for several years, the Worcester County Mechanics Association approved the first phase of the restoration of the hall (constructing a new wall on the south side) in 1974, with privately raised donations. In addition, the city's Bicentennial Commission chose the total restoration of Mechanics Hall as a bicentennial project. It was hoped that these two actions would help to attract state and federal funds, if

such funds were available for such a project.¹

A major fund drive was undertaken in 1976 under the direction of the Mechanics Association and community business leaders. It was estimated that $3.2 million was needed for the first two phases of the restoration - a complete renovation of the structure's support systems, refurbishing of the main hall, and refinishing of the building's facade and storefronts. While it was estimated that a major portion of the funds would come from business and industry, the City Council approved the use of $200,000 of that year's federal revenue sharing funds for the project. By August of 1977 over $2 million had been raised, mostly from individuals, private foundations and area businesses, and opening ceremonies were scheduled for November of that year. Richard Steele, general chairman of the fund drive, and president and publisher of the Worcester Telegram and the Evening Gazette, recognized the work of private citizens and groups in raising the funds. "This goes for the small groups of elderly, the civic groups, ethnic groups, to the larger donations from individuals, foundations and the business community as a whole."²

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The famous hall was rededicated on November 26, 1977. By 1985 demand for the hall was so strong that an additional fund drive was organized to raise an additional $2 million to construct an addition in the rear of the building as well as install needed freight elevators, kitchen facilities, and storage space.¹ Less than five months later, with $1 million raised from three Worcester private foundations, the Mechanics Association broke ground on the new addition, and raised the remaining funds within a year.² In 1991 the Mechanics Association conducted yet another fund drive and successfully raised the $1.3 million needed to replace the hardwood floor in the Great Hall, power wash and repaint the cast-iron facade and install an amplification system for the hearing impaired. Work is currently proceeding on this latest phase of restoration and is scheduled to be completed this fall.³


THE CENTRUM

In contrast to the public-private structure of the Worcester Center project and the virtually private undertaking of the Mechanics Hall restoration, the Centrum serves as the only example of a completely publicly undertaken downtown project. It also illustrated a shift from the strong involvement of the WRA to the delegation of authority and responsibility among diverse public and quasi-public agencies.

PROJECT PROFILE:

TOTAL COST: $15 million  TYPE: Entertainment
LENGTH: 1965-1982  DEAL STRUCTURE: Public
LAND OWNERSHIP: Public (WRA)
PUBLIC FINANCING: AMOUNT: $12.9 million
  TYPE: Grants and Bond Issue
  SOURCE: City, state, and federal

MAJOR INVOLVEMENT BY PUBLIC AGENCY(S): Arts Council, WRA,
City Manager and City Council, Civic Center Commission
STATUS: $20 million planned expansion

Plans for a civic center for the City of Worcester began with the 34-acre land-taking by the city in 1965. While most of the site was intended for the Worcester Center project, city officials urged the construction of a civic
performing arts theater as part of the "new downtown". No specific location was designated, and the city intended that the theater be planned and financed by the Worcester community through public subscription and donations as well as Federal subsidies. Endorsed by the Chamber of Commerce, The Arts Council of Worcester, Inc. was established in 1966 to study the civic theater center idea. Ladd Plumley, president and board chairman of State Mutual Life Assurance Co. served as chairman and Richard Steele, publisher of the Worcester Telegram and Gazette, was appointed as president.1

In 1967, the private developers of Worcester Center, Worcester Center Associates, agreed to donate 27,000 square feet of land behind Notre Dame church for the theater center. The Arts Council requested a preliminary survey report from Economic Research Associates who recommended construction of a $4.6 million center consisting of a concert hall for the performing arts as well as some meeting hall areas and exhibition space, to meet "presently unfilled cultural and business needs".2

postponed it until November, and then remained silent. It did however, request in early 1968 that Notre Dame church be demolished and replaced with the theater so that the theater could face Worcester Common. This request, as well as the ongoing design of Worcester Center, raised much controversy over the theater plans and put pressure on the WRA to resolve the issue. The Arts Council had been soliciting $2.5 million in contributions from private sources over the two-year time period in order to be able to commit to the project.¹

In June of 1969, Maher withdrew his support for building the civic theater on the site requested by the Arts Council, opposing demolition of the church. Two alternate site were proposed, the original one located at the rear of the church or on a 3.5 acre site owned by the WRA, which had been considered for a downtown hotel. Maher also directed the Council that they must render a final decision on whether it could proceed with their plans for the center by July 1, 1969.

After receiving six deadline extensions from the WRA in eighteen months, Plumley appeared before the Authority to request an additional seven-and-a-half month extension for its commitment decision and explained that it had only

succeeded in raising $1.5 million from less than ten private sources. A major fund drive was being planned that would raise the remainder of the needed funds by August 1st. If the drive proved unsuccessful, the Arts Council indicated that it would not be able to build the civic center complex. The extension was granted. Plumley further explained that, "We understand the responsibilities of the WRA in desiring an unconditional affirmative answer at this time. However, the success or failure will lie with Worcester citizens as to whether this civic center becomes a reality for the enjoyment and education of us all or be marked off as one lacking our sufficient interest." ¹

One year later, after little if any progress by the Arts Council, Maher announced his proposal for the financing of the newly called Worcester Performing and Convention Center. His plan called for the creation of a Civic Center Commission and a Civic Theater Council. With legislative approval, the city would set up a Civic Center Commission composed of business, civic and political leaders. The Commission would seek permission from the state to borrow money outside the city's debt limit for construction of the theater. It would also have the power to seek bids, award contracts and carry out all other aspects of the construc-

tion. A Civic Theater Council would be established and conduct a fund drive to raise a third of the total cost of the center before construction to be used an endowment fund. The Council would be required to sign a contract with the city to lease the center for a minimum of twenty years. The city would issue bonds for approximately $3 million and the rental payments to the city would cover the principal and interest on the bonds. Although Maher recognized that the theater would operate at a deficit, it would cost the city less than $100,000 through the initial years. At the end of the twenty year lease period the city would essentially own the center "free and clear". The city would be pledging its credit in exchange for the eventual ownership of the project.¹

In 1971, Worcester Center Associates forced the WRA to redesign their latest plan for a civic center by asking to be released from their agreement to reserve and donate part of the Worcester Center land. Earlier that year the federal government had pledged to provide $850,000 towards construction of the center, Maher said that a request could be made by the city to apply the funds toward the proposed new police station if the civic center were abandoned in light

of this new development.1

While various private and public concerns continued to urge the construction of a civic center over the next three years, little progress was made until 1974 when the Downtown Development Corp. commissioned Gladstone Associates of Rhode Island to do a feasibility study of converting the long-vacant Union Station into a sports convention center. The study placed the estimated capital cost of the project at between $7.1 million and $9.5 million. Financing would be mainly through a 30 year bond issue by the city. The report further stated that, "it is important that the sports center be built...the construction of new recreation-cultural centers in other communities have often become the catalyst for accompanying private investment in new structures and rehabilitation of older buildings in the downtown area as well as providing a means for attracting major new consumer expenditures into the city and stimulating the metropolitan economy with a variety of new activities, jobs and income."2

Plans for the renovation of Union Station for the civic center soon were abandoned when it was discovered that renovation of the building would be cost prohibitive and accessibility was a major problem.

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The Worcester Redevelopment Authority redirected its focus on the site behind the Notre Dame Church and filed a petition with the City Council calling for a "binding vote" referendum to "let the voters decide" on whether a $10 million sports and convention center would be built. Maher defended the chosen site because of its direct access to the 4,300 space parking garage at Worcester Center and its location in the heart of downtown Worcester, as well as direct service by Worcester Center Boulevard, a city artery built at a cost of $15 million. Maher recognized that cooperation of Worcester Center Associates was necessary to the success of the plan. Joel Wilder, a principal of Worcester Center Associates, indicated that they would not donate the land to the city but would be pleased to cooperate in the development of a civic center. "We believe a city like Worcester needs and wants a civic center and that the location selected will tie together all of the downtown area.... Of course, an undertaking of the scope of the civic center will require careful study in each step of the planning process. Only the closest liaison between Worcester Center Associates and the Worcester Redevelopment Authority will enable the proper integration of the existing facility at the center and the proposed new community development."1

Yet again, the WRA's plans for the civic center fell apart. Finally, in 1977, $263,000 from private donations, was given to the Authority to purchase a 3.45 acre site at Foster, Commercial, Exchange and Worcester Center Boulevard. Financing for the center, with a total cost now estimated at $14.9 million, would be composed of $2 million in private pledges, a $5 million federal grant and a $7.9 million city bond issue.\(^1\)

At the groundbreaking ceremony, Robert T. Hall, assistant secretary for the U.S. Department of Commerce praised the private sector for its donations as well as the effective work of William Mulford, director of the Worcester Office of Planning and Community Development. Attention was also given to the policies of the Carter administration for encouraging the development of urban economies on a local level. The Civic Center was seen as the most obvious answer to the increasingly weak downtown Worcester economy. Requests for tax abatements from existing downtown projects had been increasing over the last few years.\(^2\)

The actual construction of the center was plagued with permitting and construction problems from the start. No fewer than ten lawsuits were filed involving the city and

\(^1\) Lincoln R. McKie, Jr., "City to Buy Site This Week", *The Worcester Telegram*, December 13, 1977.

various contractors. Cost overruns and completion delays were substantial.

Finally, in September of 1982, the long-awaited civic center, dubbed the "Centrum", was opened. Even before the opening, plans were formulated to expand the exhibition hall of the center. The site chosen for the expansion was Lot 35, across Exchange Street from the Centrum, and the City Council appropriated $145,400 for purchase of the site. It was strongly felt that the extra exhibition space was necessary to attract the larger conventions that would further boost the economy of the downtown area. Although the state had granted $10.6 million in funds for completion of the Centrum and the planned expansion, almost all of these funds were applied to the cost overruns and construction delays of the original structure. The city stated unequivocally that it would not be able to provide any funds for such an expansion. The WRA went to the state in hopes of persuading the governor to pay the entire cost of expanding the hall. The Chamber of Commerce became involved in the expansion efforts and investigated various funding alternatives for the addition now estimated at $4.6 million. As of 1984, because of complicated legal procedures and "red-tape" the site transfer had yet to be completed. The Civic Center Commission

stated that it had "nothing finalized" for Lot 35, at present it was used for "offstreet parking purposes for the adjoining civic center". The Commission would not commit itself to a proposed use of the Lot until it had received complete control of the parcel.\(^1\) Eventually, control of Lot 35 was obtained but little, if any, progress was made towards the funding and construction of the expansion.

In 1991, SMG Inc., managers of the Centrum, promised the city that it would seek a study of the expansion as well as preliminary plans and cost estimates, at its own expense. In June, SMG delivered the plans and a cost estimate of $20 million. Mayor Jordan Levy stated that "no city tax money is available nor should city tax money be used for the project. Instead, state, federal and various private funding sources will be explored."\(^2\) This task was turned over to Michael Latka, assistant city manager for development, to complete within 45 days. As an editorial in The Worcester Telegram and Gazette stated, "The time will be up on July 20. We will be waiting, along with everyone else in Worcester, for the financing proposal to be announced soon thereafter. That's the next crucial step in the process. It


\(^{2}\) Roy Nilson, "Convention center plans delivered", The Telegram & Gazette, June 6, 1991.
must be handled properly and it must come in on time."  

ONE EXCHANGE PLACE

The redevelopment of this historic site could be classified as a public-private effort, but not to extent of Worcester Center. The concentration of responsibility with one public agency was absent, and there was little evidence of flexibility and negotiation between the city and the developer. The only financial involvement on the city's part took the form of assistance in obtaining an industrial revenue bond for the developer. WRA participation in this project was virtually non-existent.

PROJECT PROFILE:
TOTAL COST: $5 million      TYPE: Mixed-use
LAND OWNERSHIP: Public
PUBLIC FINANCING:           AMOUNT: $2.2 million
                          TYPE: Industrial Revenue Bond
                          SOURCE: City

MAJOR INVOLVEMENT BY CITY AGENCY(S): City Manager and City Council, OPCD, Civic Center Commission
STATUS: Complete

Under pressure from City Manager Francis J. McGrath and the Worcester Heritage Preservation Society, the Civic Center Commission agreed to study the future use of the vacant Waldo Street police and fire headquarters in October of 1980. The headquarters, vacant since 1978, was rapidly deteriorating from water damage and vandalism. The site was considered extremely valuable, because of its proximity to the civic center as well as being one of only a handful of uncommitted properties near the center.

The initial suggestions from the Commission called for demolition of the structure and construction of either parking or additional exhibition space for the civic center. The Heritage Society opposed demolition of the police station because it is listed on the National Register of Historic Places and the city or a developer would lose any tax incentives associated with the restoration of the structure. The Society advocated rehabilitation of the site for restaurant and commercial use. In addition, McGrath indicated that the $10 million in funds forthcoming from the state would not be available for expansion of the civic center on this site because of additional construction expenses incurred in building the main structure of the civic center.1

Eight months later, the Office of Planning and Communi-

ty Development recommended that the City Council approve Angelo Scola Co. as the designated developer of the Waldo Street site.

Scola's plan, one of forty proposals submitted, called for the renovation of the former police station as well as the adjacent fire security building and garage, into a mix of retail shops, restaurants and limited office space, to be called One Exchange Place. Two council members expressed concern for retail use in an area which currently had little foot traffic. However, the benefit of access from Main to Commercial Street contained in the plan won the Council's approval.¹

By late 1981, Scola, as Waldo Street Associates, applied for a $2.2 million industrial revenue finance bond. Initial application had been made for a $4 million bond, but the developer had decided to reduce the scale of the original project.² After approval of the bond issue by the Industrial Revenue Finance Authority and City Council, the site was acquired by Nine Waldo Street Associates from the city for $230,000 in January of 1982.

One year later, construction was halted by the City


Code Commissioner because of performance of work beyond the scope of permits issued. City Manager McGrath attempted to remedy the situation and speed the approval of final plans, citing the Commissioner's focus on permitting issues for the Centrum as the main cause of the delays.¹

The developer encountered additional difficulties in obtaining the three full liquor licenses promised by the city prior to the sale of the site. Because of the state-imposed quota for such licenses, the city had none to offer for One Exchange Place. The city filed special legislation for five additional licenses in late 1982, but the request died in the legislature. The City Manager asked the City Council in 1983 to approve a home rule petition for the additional licenses.²

By the end of 1983, three restaurants had signed leases, along with several retail establishments and office tenants. Throughout the construction period, the Worcester Heritage Preservation Society worked in an advisory capacity with the developer. The Society maintained that the preservation of the old police station would enhance civic pride, as well as convert a vacant building from a tax-free city property to a taxable business.

¹. Russell B. Eames, "City Halts Police Station Renovation; Cites Permits", The Worcester Telegram, January 29, 1983.

Scola explains that the development was economically feasible because of the $2.2 million bond from the Worcester Industrial Development Financing Authority - the interest on the bonds is tax free, thus lowering the interest rates. "Revenue bonds are vital if inner cities are to be reborn and developed," Scola said. When asked for his opinion on working with the city, Scola replied, "You don't always get what you want, but although working with the city is difficult, it is not impossible. Looking at the pluses and minuses, I'd do it again." He also maintains that private and government cooperation provide for a stronger, better project "because you have to believe in it, you have to do your homework and you have to do what you said you were going to do. And we have."

First Capital Life Insurance Co. of San Diego began foreclosure proceedings against One Exchange Place in December of 1990. The company claims that Nine Waldo Street Associates has defaulted on a three-year old $4.6 million first mortgage on the project. Although deemed a financially successful project that has been the hub of downtown nightlife since it opened in 1983, Scola's businesses and other real estate projects have been hurt by the deepening

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real estate slump.\textsuperscript{1} An auction of the property has been scheduled for July, 1991.

MARRIOTT HOTEL

There were elements of a public-private partnership in the development structure of this project and the WRA played a significant role in the process. However, the involvement of other city entities such as the City Council and OPCD was present as well. Financial participation by the city was limited in scope, primarily through a UDAG grant, the first used in downtown development. There was also evidence of flexibility during the process on the city's part, but, again, not to the extent found in the Worcester Center project.

\begin{center}
\textbf{PROJECT PROFILE:}
\end{center}

\begin{tabular}{ll}
\textbf{TOTAL COST:} & $17$ million \\
\textbf{TYPE:} & Hotel \\
\textbf{LENGTH:} & 1978-1981 \\
\textbf{DEAL STRUCTURE:} & Public/private \\
\textbf{LAND OWNERSHIP:} & Public (WRA) \\
\end{tabular}

\textsuperscript{1.} Kathleen Pierce, "Scola may lose project", \textit{The Telegram & Gazette}, December 19, 1990.
The Marriott Hotel chain first became interested in constructing a hotel in downtown Worcester in 1978. At that time, they were primarily interested in using WRA owned Lot 35, across Exchange Street from the Civic Center. A hotel in this area of downtown had been "promised" by the WRA since Worcester Center had been planned.\(^1\)

The WRA had granted an option to William Roberts, executive vice president of Commerce Bank & Trust Co., in 1977, on Lot 35 for the purposes of constructing a hotel. Roberts planned to construct the hotel in partnership with the Marriott chain.\(^2\) However, by October of 1978 it became apparent that the Lot 35 site would not be large enough to accommodate a hotel of the size needed for downtown. A larger WRA-owned site in Lincoln Square was offered to Marriott for consideration, despite the Civic Center Commis-

\(^1\) Mel Singer, "Marriott Chain is Interested", The Evening Gazette, March 10, 1978.

sion's insistence that a hotel be located on Lot 35.

Even though this site was larger, it was still smaller than Marriott was accustomed to working with. Ground-level parking was usually used for similar Marriott projects because of the expense involved in underground or multi-storied garages.¹ Early in 1979, Ladd Plumley, Chairman of the Worcester Redevelopment Authority, announced that the hotel group, after several extensions from the WRA, planned to construct a 250-300 room hotel on the Lincoln Square site but that the project was now estimated at $17 million. Plumley said the estimates for a larger, more costly hotel, "makes it essential that the city get a UDAG grant for the hotel. The most they could get on an Industrial Revenue Development Bond is $10 million, which makes the UDAG even more important."² The UDAG grant, which would be issued directly to the city, would be used to finance infrastructure improvements to the site and surrounding streets. Most importantly, it could be used to construct a multi-story garage, a necessary part of the project because of the size of the site. The grant application was immediately prepared by the Office of Planning and Community Development for submission in April.


Members of the Citizens for a Referendum Vote spoke against the proposal for the hotel. They said that the city needed factories, instead of hotels, to provide jobs. They protested that only big-money interests get help from city government, not the little "taxpayers". One member, Robert Wardell, "called the action an empty promise. He said the developers should get no tax breaks." The City Council whole-heartedly supported the efforts to obtain the UDAG grant. City Councilor Michael J. Donoghue was most outspoken on the matter and stated that the "city must move as rapidly as possible to ensure that the Marriott Hotel developers feel the city welcomes them and will do all it can to help develop the area...the city has an obligation to use every means at its disposal, including federal funds and the services of the Commercial-Industrial Development Financing Authority, to promote downtown development. The council is doing all it can to ensure that the commitment for a hotel is met, in addition to working for overall development in this area. This will not cost the city anything."\(^1\)

The actual UDAG grant would be used for street, sewer and water line construction to prepare the site for the hotel as well as the parking garage. The Lincoln Square area had been slated for improvements by the city for some

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time, the grant would help finance many of those improvements as well as ensure construction of the hotel.¹

After presenting plans for the 4.5 acre site to the WRA, Marriott was granted another extension in February of 1979. The plans called for preservation of the historic car barn building which fronted on Main Street and housed the Worcester Toy Company. The Worcester Heritage Society worked with the developers and proposed that the car barn building be listed in the National Register of Historical Buildings. The WRA proceeded with plans to relocate the Worcester Toy Company at the city's expense as well as transfer ownership of the land to Marriott pending approval of the UDAG grant. By July of 1979, the U.S. Department of Housing and Urban Development (HUD) approved the UDAG grant of $4.7 million to the city, with $3.2 million going to such off-site improvements as the completion of Worcester Center Boulevard, construction of flood control conduit and other public works projects. The remaining $1.5 million would serve as a long-term loan to Marriott, repaid with interest, for the construction of the parking structure. Financing for the $16.5 million hotel would consist of $10 million in tax exempt industrial revenue bonds approved by the city's Industrial Development Financing Authority and $3 million in

¹ "UDAG and the Marriott", The Evening Gazette, January 5, 1979.
loans from a number of financial institutions, as well as equity funds from the developer. U.S. Representative Joseph D. Early applauded the efforts of the City, the Worcester Redevelopment Authority and the developer in obtaining the grant and making the hotel a reality.

A few months later the city began demolition of the Worcester Toy Co. building despite its possible designation as an historical site. The developer had attempted to incorporate the building in the hotel plans but had found that it was not feasible to do so. The city's Office of Planning and Community Development applied to the federal government for permission to destroy the building after the local historical committee and the state historical group agreed that the building must come down. The city was responsible for all costs associated with the demolition and lengthy approval process. The City Council also voted to abandon several streets in the vicinity of the hotel site for construction as part of purchase agreement of the land. Marriott began construction of the hotel in August of 1980. Although the hotel has been successful in serving the Cen-


trum as well as business needs in Worcester, Marriott has never proceeded with the expansion plans originally proposed.

FRANKLIN SQUARE

Franklin Square provides a strong example of the city's recent approach to downtown development. While the city has been willing to work with the developer, almost all of the responsibility and risk is on the private side. There are no elements of a partnership approach to the project, and no single city organization is involved. However, the city has very recently become more involved with the project through assisting in infrastructure improvements and marketing assistance. Financial participation has been through the assistance of the OPCD in obtaining a UDAG and federal backing for the private financing.

PROJECT PROFILE:
TOTAL COST: $30 million TYPE: Mixed-use
LENGTH: 1985-1991 DEAL STRUCTURE: Private
LAND OWNERSHIP: Private
PUBLIC FINANCING: AMOUNT: $2.2 million
TYPE: UDAG
SOURCE: Federal

MAJOR INVOLVEMENT BY CITY AGENCY(S): OPCD, Target Worcester
STATUS: Significantly completed

The Worcester Business Journal declares that "It has been two decades since Worcester has seen anything like Franklin Square." Located at the South end of Main Street at Federal Plaza, Franklin Square consists of a $21.3 million, 24-story, 196-unit residential apartment tower; a $3 million, 300-space parking garage; and several older buildings that have been or are being renovated for office, retail and residential uses. In the mid-80's, developer James Soffan began buying up several parcels of property around Federal Plaza. With the assistance of Michael Latka, assistant city manager for development, and U.S. Representative Joseph Early, Soffan obtained federal backing of $16 million worth of financing for the tower from the New York-based investment firm Integrated Funding, Inc., which requires federal backing for its loans. Soffan is also getting a $4 million UDAG through the city for the tower, and $2.2 million worth of financing from Shawmut Bank through the Downtown Development Loan Pool, set up by a consortium

of Worcester banks and insurance companies. It is the only loan the consortium has approved to date.¹

The city assisted Soffan in the permitting and approval process, and waived sewer hook-up fees. Soffan believes that the city got behind him and Franklin Square because it is a significant project for the city. "We did purchase all of this property, and we owned a significant piece of real estate two blocks from City Hall, so it was very hard for them not to recognize our presence here."² City Councilor-at-Large Raymond Mariano, a frequent critic of the city manager's administration, feels that "Soffan may be the right man at the right time for downtown Worcester". Furthermore, Mariano acknowledges that there have been problems in the past regarding collaborative efforts between Worcester's public and private sectors on such things as downtown marketing and streetscaping. "Most of them are being dealt with", he says, adding, "This project, more than anything else that's happened in downtown in the last 20 years, will tell people, if it's successful, that you can do business in Worcester."

Soffan believes that the streetscape around the Franklin Square tower is one challenge that must be overcome in


order to successfully market the tower, now in the final stage of completion. He acknowledges that the city has greatly improved the streetscaping in the area of Franklin square but says that more is needed.¹ The city has spent a $500,000 state grant for streetscaping improvements in Franklin and Federal Square. It has also spent $150,000 in the project area of an $800,000 federal grant designated for design and engineering for the proposed streetscaping along Main Street from Federal Square to Lincoln Square. In addition, the City Council has authorized a $10 million bond, which will be floated in stages, as needed and as the budget allows, to complete the proposed Main Street work. A previously issued $1 million city bond will be used to construct a mini-park at Federal Square.

Four years ago, Soffan turned down $15 million in tax-exempt, low-cost bonds that the state, through the Worcester Housing Authority, offered, contingent upon including a certain amount of subsidized housing for lower-income people. Soffan stated, "At that time we had a very difficult time negotiating a deal with the Worcester Housing Authority. Then when we saw that their demands were unreasonable, wouldn't help our project, we saw an alternative

financing." Soffan strongly believed that the market would be stronger for the residential units if the tower did not include subsidized units.

As of April, 1991, approximately 60 percent of the renovated office space is leased and 75 percent of the renovated residential space is rented. The tower is about 75 percent completed but none of it is yet rented or leased. Soffan is currently trying to lease blocks of apartments in the tower to local colleges and institutions. Target Worcester, a division of the Worcester Area Chamber of Commerce, is assisting Soffan in his private marketing efforts, according to Janet Slovin, Executive Director of Target Worcester.\(^2\)

OTHER PROPOSED PROJECTS

In recent years, twenty-two development projects worth more than $400 million have been proposed for downtown Worcester. In the past two years, eleven of these projects worth about $115 million have been entirely or significantly completed, three projects worth about $30 million are or significantly under way, and six projects worth about $260 million are showing little or no signs of progress.


Two of the major projects that have been proposed recently are currently viewed as having slim possibilities of becoming reality.

In 1988 Amaltheia Corporation, in response to a Request for Proposals by the WRA, submitted a bid for a 15-story, 300 room hotel on WRA-owned Lot 35 (now slated for the Centrum expansion). Amaltheia withdrew that proposal and resubmitted a subsequent one in December of 1990 in response to a second RFP by the WRA. Project officials then withdrew their proposal, saying they were unable to submit additional information required under the minimum criteria established by the WRA in its RFP. Within the last few months Amalthea has again expressed interest in constructing the hotel in conjunction with the proposed, publicly-financed Centrum expansion. However, special state legislation would probably be needed to do all of this if the city feels it cannot be done under the state Uniform Procurement Act. That year-old law requires a public bidding process for the disposition of municipally-owned real estate. A number of Massachusetts communities, including Worcester, have filed bills to amend or repeal the act.


adding to the difficulties in developing the site, was the
discovery of hazardous wastes on Lot 35 as well as on vacant
Lot 44.

In September of 1988, The WRA signed a land disposition
agreement (LDA) to sell CityPlaza Associates Lot 44 for $1
million. Cityplaza proposed to construct a 26-story office
tower, a two-level 100,000 square foot support retail mall,
a 15-story tower containing 100 units of residential condo-
miniums, and a 1000-space parking facility. According to
the LDA: the Lot 44 deed must be conveyed to CityPlaza
within eighteen months of its signing or within six months
of approval of working drawings; construction must begin
within thirty days of conveyance of deed, and construction
must be completed within thirty months later. These time
constraints were temporarily suspended in mid-1989 when the
hazardous wastes were discovered on site. The city has
applied to the state Department of Environmental Protection
for permission to clean up the site during construction, and
not immediately, as required by law. Permission to proceed
has still not been received. Regardless of the suspension
of the "time clock" of the LDA, the agreement will be void
in March of 1992. Meanwhile, the city received approval for
a $9.8 million state grant to finance increasing the number
of parking spaces in the project in September of 1990.

Other factors are adding to the delays in developing
this site. A law suit is pending in Delaware amongst the three partners of Cityplaza, regarding the wishes of one partner to have the partnership dissolved. In 1989, the Worcester-based Hanover Insurance Company broke off lease negotiations for 70,000 square feet of office space. The developers cite the importance of signing a major tenant to obtaining financing for the project. While it appears that preliminary work on the part of the developers is continuing, city officials are not overly optimistic about seeing this project become a reality in the near future.¹

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CHAPTER III

CHANGES IN THE INSTITUTIONAL INFRASTRUCTURE

A detailed look at the changes in the institutional infrastructure of the city, specifically the public and quasi-public agencies involved and major planning efforts over the last twenty-five years, further illustrates the city's contribution to the decline of the downtown development situation. Moreover, recent changes in the organization of this infrastructure indicate that the city is preparing itself to structure the downtown development process as it did in the 1960's.

CITY AGENCIES AND BOARDS

The Worcester Redevelopment Authority was formed as a legal entity in 1957. Consisting of four members appointed by the city manager and one appointed by the governor, the authority has full powers of eminent domain. The WRA was the "mastermind" of the Worcester Center project and almost totally responsible for the control of all aspects of its conception, construction and completion. It was considered a "super power" in the city during the 1960s and 1970s, and
focused its efforts almost entirely on the downtown area. Its power during that time period can be attributed to two factors, the first being the political clout it received from the city manager. Francis McGrath was a strong political figure, serving as city manager from 1951 until his retirement in 1985. The political stability his long tenure brought contributed to the WRA's power by limiting politically-influenced power struggles. The granting of UDAG funds directly to the WRA also contributed to its effectiveness and authority. Following the UDAG era and McGrath's retirement, the WRA gradually became less involved in downtown development, relinquishing much of its work to other public agencies and quasi-public concerns. At present, the WRA's responsibilities are considered limited to the development of Lots 35 and 44, both under its ownership. However, others are also involved in plans for these two parcels, especially Target Worcester.

Change is imminent for the WRA. According to Michael Latka, who serves as its Executive Director as well as the Assistant City Manager for Development, immediate plans are being instituted to reinstate the WRA as the "super board" it once was. It still retains its full power of eminent domain and will be reorganized to serve as the singular

development and redevelopment arm of the city. It will be resemble the Boston Redevelopment Authority in its incorporation of various city agencies and responsibilities, but without initially incorporating the city's Housing Authority or Planning Board's responsibilities. Its focus will move beyond the downtown area in an attempt to revitalize other blighted areas as well as to continue the successful development of the Worcester Biotechnology Park.\(^1\)

Michael Latka's position as Assistant City Manager for Development was created almost two years ago in an attempt by the city to remarshall development efforts that had been delegated among various groups.\(^2\) Having served in the city's Office of Planning and Community Development for sixteen years, his new position affords greater responsibility and authority towards the implementation of new plans and goals for city development. His efforts, however, are not focused on the downtown area. Current projects include the Biotechnology Park, a $13 million expansion of the Worcester Airport, the reuse of Union Station as an intermodal transportation center, and the extension of commuter rail to Worcester.\(^3\)

\(^{1}\) Michael Latka, interview, July 16, 1991.
QUASI-PUBLIC AGENCIES AND DEVELOPMENT GROUPS

Some of the responsibilities for downtown development have often been delegated to quasi-public organizations. Consisting of public officials as well as prominent Worcester business concerns, they have been an attempt to incorporate private resources and expertise into city efforts.

The Downtown Worcester Development Corporation (DWDC) was created in 1973 by a unanimous vote of the City Council and a special act of the legislature. This non-profit, public-private group's original goals were; traffic, parking, recycling of old buildings, encouraging investors to build downtown housing and creating a vehicle to draw people downtown. In 1977, City Councilor Paul T. Leahy requested the City Council to file legislation to disband the group. The reason given was that the DWDC had not accomplished any of its goals, and had merely been an attempt to "swallow up and control city government" in order to push the civic center through. ¹ Leahy was a staunch opponent of the civic center. Leahy's attempts were unsuccessful, however, and the DWDC continued to work on the civic center project. It did not play an active role in other downtown development.

projects or attain any of the goals it was created for.\textsuperscript{1}

The Worcester Area Chamber of Commerce has often been singled out as one of the quasi-public groups influential in virtually all of the major downtown development projects. Usually working "behind the scenes", it often took the informal role as liason between developers and city officials. Under the long-time direction of director William Short, the Chamber has consistently and effectively worked towards marketing the city to industries and developers, and unlike other city chambers, played an important role in downtown development.

The Worcester Business Development Corporation is the non-profit development arm of the chamber, which formed the Downtown Development Division (DDD) in 1988 for the specific purpose of revitalizing downtown and, in essence, taking the place of the DWDC. The DDD is funded by the city as well as Worcester area businesses and is an attempt to semi-priva-

\textsuperscript{2} Janet C. Slovin was named executive director of the newly formed Downtown Development Division. Slovin, formerly central Massachusetts coordinator for the governor's Office of Economic Development for four years, stated at her appoint-

\textsuperscript{1} Mel Singer, "DWDC Says Projects Not Easy to Find", \textit{The Evening Gazette}, September 2, 1978.

\textsuperscript{2} William Purcell, Worcester Area Chamber of Commerce, interview by author, June 22, 1991.
ment that, "We are at a critical juncture in Worcester's development, we must vigorously support positive changes at Worcester Center and state funding for a convention center."¹

In 1989 the DDD undertook two major projects. The first was to commission a study from the Project for Public Spaces, Inc. and Leggat McCall Advisors to develop an overall strategy and development plan, working extensively with both the public and private sectors.² The second program was the formation of the Downtown Development Loan Pool. Sixteen local financial institutions grouped together to form a $20 million loan and lender consortium to be used to finance new construction and rehabilitation projects in downtown Worcester. The primary purpose of the fund is to provide a source of flexible, second-mortgage financing for worthwhile downtown development projects. Each of the participating lenders would commit an amount of money proportionate to their total Worcester-based assets. The DDD would evaluate each project to determine if it is compatible with overall downtown development strategy. In addition to the $20 million fund, there is a $2.1 million fund that will


be used to finance facade restoration and general property improvements in the downtown area.¹ The Franklin Square project has been the only project to date to take advantage of this program.

In 1990 the DDD changed its name and refocused its efforts in an attempt to better market downtown Worcester to developers, businesses, and major tenants. The newly named division, Target Worcester, developed a logo, brochures and instituted new programs to attract downtown development. It's goals are threefold. The first is to serve as a clearinghouse for answers to downtown development questions. It provides demographics, vacancy rates, labor market and housing data, as well as direction to development opportunities and financing sources. The second goal is to function as an "umbrella organization", bringing together public and private agencies, institutions, and individuals in an effort to reduce "red tape" and facilitate communication. Target Worcester's third goal is to function as a promoter of downtown Worcester. An self-described aggressive marketing campaign is used to recruit developers and tenants. It also serves as the organizer of downtown festivals, celebrations and events to create excitement in Worcester's downtown.²

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The most recent event sponsored by the group has been the daily Farmer's market on the common behind City Hall. The pushcarts of the market are intended to bring activity and life to the Common and to create an atmosphere in downtown Worcester and to create a reason to come downtown. "The ultimate goal is for small vendors and entrepreneurs to grow into retailers and lease space on Main Street". After nearly a month of existence, many of the vendors have requested waivers of the $25.00 permit fee because of lack of business.

Slovin, now serving as Executive Director of Target Worcester, criticizes the efforts of the city over the last several years in relation to downtown. "There is a general lack of focus and expertise among the city officials needed for creative solutions to development problems given the present dismal economic picture."

Because of severe city budget cuts due in large part to decreases in local aid from the state, Target Worcester will receive no city funding for fiscal 1991. The Chamber feels that the discontinuation of funding is probably connected to the city's new plans for a "super power" WRA. In actuality, a transition is occurring in the roles that various entities

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have been playing in downtown development. The division of responsibility between the Chamber and its divisions, such as Target Worcester, will become one whereby the Chamber will focus on marketing, promotion, and private financing, while the WRA will concentrate on land use, planning, public financing opportunities, and the structuring of public-private partnerships.¹

**DOWNTOWN PLANNING**

Many planners, study groups, agencies, boards, commissions and business groups have focused their attention on planning in downtown Worcester over time. Formal plans date back as early as 1924 when the Planning Board performed a comprehensive land use study. Over the years the more notable planning studies have been:

- The Worcester CBD Project, 1963, Columbia University;
- Comprehensive Plan For Worcester, 1964;
- Transition: A View of the Worcester CBD, 1966;
- Downtown Worcester Study, 1972-5, Worcester Consortium for Higher Education;

While most, if not all, of these plans concentrated on downtown planning efforts, the only common theme throughout was that they differed in how Worcester's new downtown should be organized and developed. The most recent four studies bear looking at in detail and illustrate not only how planning for the downtown area has changed from 1987, but how different entities; public, private and quasi-public; have played somewhat independent roles in downtown development.

WORCESTER MASTER PLAN, 1987

This study, undertaken by the Worcester Planning Board and prepared by On-Site Insight describes itself as being "a dynamic policy guide...and establishes a framework for

decisions now and in the future".1 In the section devoted to the downtown area, the study considers the existence of Worcester Center Boulevard to be a "problem" and obstacle to future development and calls for that thoroughfare to be treated as the "Contemporary Commerce Pathway" in future planning and development. Meanwhile, Main Street, with its historical built environment should exist as the "Discovery of Heritage of Pathway. It also proposes that efforts should be made to link "heritage" and "commerce" through the air rights development over Worcester Center Boulevard, connecting new office towers "to a rooftop experience of gardens, restaurant and retail businesses via skywalks". The study also advocates the use of fees, transfer taxes and full cost pricing for infrastructure for any new development proposal. It maintains that Worcester has a substantial investment in its infrastructure and operating systems and "new, expansion and/or rehabilitation development in the city is obtaining the benefit of what the City has already created." Therefore, any new developments should be required to "buy" into the system. This attitude is quite surprising, given the general dearth of development occurring in downtown Worcester at this time.

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THE WORCESTER MAIN STREET IMPROVEMENT PROGRAM

This plan, created by the BSC Group of Worcester in response to Target Worcester's and the City's desires to see streetscape revitalization downtown. This program encompasses Main Street and its side streets essentially from Federal Square to Lincoln Square, including City Hall Plaza and a new park for Federal Square. This plan is considered to be precisely the primary means for reversing decline in downtown Worcester. The plan has been endorsed by the City Council and funded with a $10 million bond issue.¹

DOWNTOWN WORCESTER DEVELOPMENT PLAN BY PPS

In 1989, the Downtown Development Division, now Target Worcester, of the Worcester Chamber of Commerce, in cooperation with the City of Worcester commissioned a downtown planning study from Project for Public Spaces, Inc. (PPS) with Leggat Mccall Advisors. This report is one of the first to recognize that downtown Worcester has slipped in the past decade, and has seen its position as the center of a prosperous and growing region erode. It does point out, however, in clear and strong terms, Worcester's strengths

¹ Executive Office of the City Manager, "Boulevard District Study", p.3.
and advantages.

The Introduction outlines the purpose of the study as an attempt to create a comprehensive strategy to create a strong climate for new development in downtown by described the planning and design issues that are essential not just to attract development, but to integrate it effectively into the life of downtown. It calls for an aggressive "recruitment program, financial incentives, and successful projects which will act as catalysts for other projects. Such efforts also require that the city overcome the sense of lethargy that has been pervasive in the past, and communicate a positive self-image both inside and outside the community". The report also regards the absence of new development in downtown as a blessing in some respects. It claims that "too many cities across the U.S. have been "successful" only to discover that the heart of their city has no feeling and has become little more than an office park."

The utilization of public-private partnerships is urged. "Private owners and developers should take the major responsibility... as encouraged through city actions....The implementation process should be view as a partnership effort, where both public and private sectors contribute to common goals. The City can create a more desirable development

1. Project for Public Spaces, "Downtown Development Plan", p. 3.
climate through implementation of streetscape amenities and assistance with parking garages. More importantly, the private sector needs to be open to a dialogue with the public sector.\textsuperscript{1}

The report also makes specific recommendations for implementation by the Downtown Development Division and the WRA - one of the first attempts to reinvolve the WRA with extensive downtown development responsibilities.

BOULEVARD DISTRICT STUDY

This planning report, prepared by the city's Executive Office of the City Manager, draws upon the general principles laid out in the PPS study but concentrates on development and planning along Worcester Center Boulevard. Sizeable vacant parcels of land exist along this thoroughfare, including Lots 35 and 44. The city considers this a "once in a lifetime opportunity to re-create its downtown beginning. Seldom do other major cities get such enormous opportunities."\textsuperscript{2}

Much like the PPS study, the plan stresses the impor-

\textsuperscript{1} Project for Public Spaces, "Downtown Development Plan", p. 23.

\textsuperscript{2} Executive Office of the City Manager, "Boulevard District", p. 3.
tance of public-private partnerships. It also provides guidelines for transportation planning and access, streetscape improvements, facade and design criteria and desired options for the types of development for the district in much greater detail than the PPS study. In effect, it is more of a practical, working document than the PPS study.

The Boulevard District Study also alludes to the shift in the responsibility for downtown planning from reliance upon the Chamber through subsidy as well as subcontracting with consultants to in-house planning with the city's own personnel and further delineates the division of responsibilities between quasi-public groups and the city.
CHAPTER IV

TRENDS AND COMPARISONS

Certain trends in the way the city has approached and structured the development process over the last twenty-five years can be identified. These trends portray how the city has contributed to the decline of downtown development.

The amount of financial risk and commitment it has been willing to take has decreased markedly from its substantial investment in Worcester Center to its limited financial involvement in Franklin Square. While the city did commit its financial resources to the construction of the Centrum, the public nature of this project dictated that involvement. The city would own the facility and benefit directly from its existence. Its extensive use of state and federal grants also decreased the risk factor for the city. With other projects in which the private sector was involved, the city chose to assume more of a grantsmanship function without committing its own funds. This trend now shows signs of reversing, the city has realized that it must invest significant funds in infrastructure and streetscaping improvements in order to attract development and contribute to its feasibility.

The trend has been to defer risk and responsibility for downtown development to the private sector. The use of a
public-private deal structure steadily decreased, and when it was used, bore little resemblance to a true partnership. As with One Exchange Place, the city merely offered the land for purchase and assisted in obtaining Industrial Revenue Bonds. It assumed no risk, and was minimally involved in the decision making regarding design, use and construction. While the city did avoid risk, its avoidance of a true partnership structure resulted in the loss of control over those decisions such as design and use requirements. As stated in the Boulevard District Study, the city now considers the public-private approach to downtown development to be the most advantageous one and strongly advocates the utilization of such a structure for future development.

Another significant trend has been the deterioration of the power and influence of the WRA. The swift and successful development of Worcester Center is often attributed to the strong participation of the WRA and its authority and willingness to negotiate and allow for flexibility. Through the last twenty-five years the strength of that organization has steadily declined. The responsibility and authority for aspects of downtown development has been divided and delegated to a number of city organizations. The use of quasi-public groups such as Target Worcester has increased. This division of responsibility and authority has diluted the ability of any one entity to be flexible and negotiate through the development process. This trend has also re-
sulted in increasing amounts of "red-tape" - contributing to the amount of time it took to complete a project. The participation of several public organizations in the Centrum project and the length of time it took to become a reality supports the evidence that a single city agency empowered with the necessary authority is more effective and efficient.

The city's current efforts to recreate a "super power" WRA indicates that it has recognized the problems in utilizing multiple organizations and the advantages of forming a single and strong public downtown development entity.

Planning studies for the downtown area changed in focus over the time period - concentrating alternately on the Worcester Center Boulevard District and Main Street. Many of the studies also set forth the current "philosophy" of downtown development. In 1987, one such study advocated that developers be required to "buy" into the infrastructure and clearly revealed the attitude of the city's preference for reliance on totally privately financed and supported projects, without city assistance. Undoubtedly, this stance served to discourage the downtown development initiative. The latest studies, however, strongly call for public-private partnerships and significant investment and incentives from the city, similar to the structure of the Worcester Center project.
CHAPTER V

CONCLUSIONS

The City of Worcester has a valuable lesson to teach. While it was one of the first cities in the nation to utilize a public-private partnership deal structure in a major urban renewal effort, it all but abandoned this development strategy thereafter. More and more cities were learning to use the private sector to achieve public goals. They quickly realized that public-private negotiation was not only more attractive to the developers but enabled the city to more easily obtain the benefits they deemed important as well. Most cities have been fortunate enough to retain this type of development strategy, adapting it as needed in response to national and economic pressures.

The discontinuation of the federal UDAG program and the Tax Reform Act of 1986 which limits tax exempt revenue bonds strongly affected the future of downtown development. Because these events will certainly raise the cost of downtown development, cities must acknowledge that the need for its aid and involvement in downtown projects is now even more imperative. It is not realistic to expect the private sector to carry the burden of downtown projects in light of elimination of these two significant financial benefits.

Some specific lessons can be learned from this city's mistakes. Worcester has realized that it must invest in its
downtown and not rely upon private interests for infrastructure and streetscaping improvements. In order to attract developers it must assume responsibility for the appearance, image and function of its downtown.

Division of responsibility and authority among different groups, both public and quasi-public has proved to be detrimental to the downtown development process. The institutional infrastructure that served the city so well in the 1960s and early 1970s was the most effective one. A return to a comprehensive and authoritative public entity responsible for downtown development is indicative of Worcester's choice to learn its mistakes from attempts to delegate downtown development functions and is a good example of a trend other cities ought not to follow.

In a more general context, Worcester's has also recognized the need to develop a comprehensive system of incentives aimed at achieving clearly articulated goals for its downtown. This, along with the evidence of the detrimental effects of the trends that have evolved over the last twenty-five years, and the city's current efforts to return to what worked best, provide valuable insights into what does, and does not work, for downtown development.
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