Boston's Back Streets: Planning a City Program
To Preserve and Enhance Boston's Industrial Health

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ABSTRACT

This study examines a new economic development initiative designed by the city of Boston to support its remaining small- and medium-sized industrial and manufacturing-related businesses. In reviewing this initiative — called Back Streets — the study looks at Boston's past, current, and projected major industrial sectors in order to provide an understanding of how the Back Streets initiative is or is not congruent with the city's overall economic and employment needs.

Through an analysis of the proposed initiative's components; the way it is being viewed and received by key stakeholder groups; and an examination of economic development strategies in four other cities, this study offers recommendations for enhancement of the initiative and its potential contribution to an integrated economic development and planning policy for Boston.

Thesis Supervisor: Karl Seidman
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FOR

MY MOTHER AND MY FATHER

TO

SUSAN
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CHAPTER 1
Introduction to Back Streets: Program or Policy?

Cities can, in some circumstances, achieve balanced growth that minimizes industrial displacement. Planners can avoid simply pitting real estate development against industrial retention, but doing so requires tough-minded political choices, creative land use planning, and effective community organizing. Nevertheless, competitive pressures on downtowns and office markets in the future are likely to generate hostility from the development community and to test the political will of industrial advocates.


Launching Back Streets
On November 13, 2001, Boston’s newly reelected Mayor Thomas M. Menino formally launched his third term by announcing a major economic development initiative. Referred to as “Back Streets,” this effort was aimed at spotlighting and supporting “Boston’s many small and medium-sized industrial and commercial companies by creating the conditions in which they can grow and prosper.”

After decades of being overlooked and overrun in the wake of the exponential growth of such industries as financial services or health care, these businesses would now, according to the Mayor, be preserved through “strategic use of land, workforce, and financial resources.”

The press conference at which the announcement took place was held in the Boston Flower Exchange, a wholesale business located in Newmarket, one of Boston’s remaining industrial zones. By implication at least, the Exchange was deemed to be the kind of “Back Streets” company that — in the words of the press materials accompanying the announcement — helps “define Boston’s character and contribute to its economy as much as a downtown high-rise, the Boston Common or the city’s many colleges and universities.” Furthermore, “U.S. cities that have neglected these businesses have suffered the consequences. They discovered too late that when businesses fail or leave for greener pastures
they take with them important jobs and the wealth creation that build neighborhoods. We cannot,” said the Mayor in his published statement, “let that happen in Boston.”

In his remarks, the Mayor was building on previous admonitions regarding the importance of these businesses to Boston’s overall health. A 1998 report from the Boston Redevelopment Authority, the city’s planning and development agency, for example, explicitly noted that “manufacturing and associated industries are especially important because they provide...relatively well-paying jobs for those with less of an educational background but who have other skills and are willing to work hard.” At the same time, the report noted, “the number of manufacturing jobs in the city has been steadily decreasing for the last 30 years but has stabilized at approximately 28,500 jobs for the past six years.” And finally, “while the number of manufacturing jobs holds steady, it will drop as a percentage of total jobs, from 4.6 percent in 1997 to 4.1% in 2006, as other sectors in Boston’s economy continue their rapid growth.”

For the Mayor, the issue of industrial job retention assumed particular importance with the dramatic increase over his initial two terms of competing pressures for land use, whether for housing or for non-industrial commercial purposes, and because of certain eminent domain takings by non-city entities. Furthermore, major planning initiatives underway in areas of the city that included Back Streets districts (particularly around Roxbury, where a master planning process began in 1997) illuminated the challenge of being able to retain industrial-type businesses in a way that was compatible with those surrounding residential areas. Finally, and perhaps most central, the Mayor has, throughout his terms in office, expended considerable political capital on the health and welfare of Boston’s neighborhoods, including the businesses located there. Perhaps nothing has exemplified this more than the expansive growth of the Boston Main Streets program to cover the continued revitalization efforts of 21 (as of early 2002) neighborhood commercial districts. Even a rhetorical extension

1 Boston Redevelopment Authority, “Boston’s Growth Economy Looks to the Future: Projecting
of the overall success of Main Streets into this new initiative would seem to serve well the Mayor's — and the city's — purpose.

According to the BRA, which has been given responsibility for implementing this initiative, Back Streets businesses represent approximately 21% of all Boston-based jobs, with each employing anywhere from four to as many as three- or four-hundred people. The sectors represented by these businesses include manufacturing, wholesale, commercial services, logistics, building and contractors, and food processing and importing. Further information released by the BRA notes that approximately 75%, or a little over 3,000, of these companies are clustered within one or another of the city's eight remaining industrial zones.

Figure 1-1: BRA Map Showing Back Streets Districts

Economic Growth to the Year 2006" (1998), pp. 5-6.
scattered throughout the city. As the map on the preceding page indicates, these districts include portions of Jamaica Plain, the South End (Newmarket), Charlestown, South Boston (Marine Industrial Park), East Boston, Hyde Park, Allston/Brighton, and Neponset neighborhoods (the industrially-zoned areas are marked in purple).

In further linking these businesses to the overall health of the city, the Mayor also emphasized the degree to which Back Streets operations “welcome, indeed rely on, new immigrants to fill high-quality jobs that pay well-above-minimum wages.” Furthermore, “because they are strategically located near [sic!] the city’s center, they often provide support services to leading downtown and regional industries in a timely and cost-efficient manner. They contribute significantly to the city’s tax base and add stability to their neighborhoods.” (As one looks at the map, the Mayor’s definition of “near” — at least in the case of the Hyde Park, Jamaica Plain, and neighborhoods — might be considered to be a bit generous.)

**Past and Present Conditions**
Between 1962 and 1999, Boston’s industrially zoned space declined 38% as a result of rezoning and special permitting. According to a report from the BRA’s Policy Development and Research Department, estimates as of early 2002 put the amount of remaining industrially zoned land at 5% of Boston’s total. One can easily see other manifestations of this decline by weighing employment figures from 1970 (one year before the establishment by the city of the Economic Development and Industrial Corporation — a subject we will be exploring in some depth in later chapters) against those from 2000. In both raw numbers and percent of total employment, there was a pronounced decrease in manufacturing, wholesale trade, and construction jobs. At the same time, there was a sharp

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2 For a more detailed discussion of the problematic nature of these numbers, see pp. 42ff.
3 Boston Redevelopment Authority, “Boston’s Industrial Spaces,” p. 2. It should be noted that, in research materials developed by the Boston Consulting Group and the Initiative for a Competitive Inner City on behalf of the BRA, the stated number was 3%. In any event, with Back Streets businesses representing 21% of all Boston jobs, presumably many of those jobs, particularly in commercial services, are located in areas that are not necessarily zoned as industrial space.
increase — again in raw numbers and percent of total employment — in the service sector (which includes health care, hotel, education, business services, education, and other non-profit sectors) along with a more modest, though still noticeable, increase in FIRE, or finance, insurance, and real estate (see Table 1-1).

### Table 1-1: Employment in Boston, 1970-2000\(^4\): Selected Categories

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>559,991</td>
<td>693,647</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>63,812 (11.4% of total)</td>
<td>27,993(^3) (4% of total)</td>
</tr>
<tr>
<td>Construction</td>
<td>22,296 (4%)</td>
<td>20,091 (2.9%)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>42,630 (7.6%)</td>
<td>17,855 (2.6%)</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>76,343 (13.6%)</td>
<td>107,963 (15.6%)</td>
</tr>
<tr>
<td>Services</td>
<td>145,080 (25.9%)</td>
<td>320,191 (46.2%)</td>
</tr>
</tbody>
</table>

Clearly, then, at the time of the Back Streets announcement, we find Boston’s industrial profile differing notably from the situation in 1970, in which manufacturing “and associated industries” had played a considerably more substantial economic role.

Homing in more closely on Boston’s situation in 2000, we can look at Boston’s employment concentration in terms of a “location quotient,” or a comparison in the concentration of local employment composition compared to the national average (see Table 1-2, following page). In this instance, we’ve been able to break out FIRE and Services to look at their sub-categories and thereby show in some detail where Boston’s current economic and competitive strengths lie.

\(^4\) Boston Redevelopment Authority, “History of Boston’s Economy: Growth and Transition, 1970-1998” (1999), p. 22; additional data from Policy Development and Research Department, BRA. Looking more broadly, the BRA’s research department notes that in 1995, manufacturing comprised 4.7% of Boston’s employment, compared to a state average of 12.4%; the city’s 2.0% of construction industry jobs amounted to less than half of the state’s 4.4%. Similarly, wholesale trade constituted 2.7% of city jobs, compared to 4.8% statewide.
Table 1-2: Boston's Employment Concentration, 2000: Selected Categories

<table>
<thead>
<tr>
<th>Total Employment</th>
<th>US</th>
<th>Boston</th>
<th>Location Quotient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>164,408,300</td>
<td>693,647</td>
<td></td>
</tr>
<tr>
<td>• Manufacturing</td>
<td>19,110,900 (11.6% of total)</td>
<td>27,993 (4% of total)</td>
<td>.347</td>
</tr>
<tr>
<td>• Construction</td>
<td>9,604,300 (5.8%)</td>
<td>20,091 (2.9%)</td>
<td>.496</td>
</tr>
<tr>
<td>• Wholesale Trade</td>
<td>7,588,900 (4.6%)</td>
<td>17,855 (2.6%)</td>
<td>.558</td>
</tr>
<tr>
<td>• Finance, Insurance, Real Estate</td>
<td>13,500,100 (8.2%)</td>
<td>107,963 (15.6%)</td>
<td>1.896</td>
</tr>
<tr>
<td>• Banking</td>
<td>2,836,800 (1.7%)</td>
<td>25,954 (3.7%)</td>
<td>2.168</td>
</tr>
<tr>
<td>• Securities</td>
<td>3,108,900 (8.2%)</td>
<td>44,615 (6.4%)</td>
<td>3.401</td>
</tr>
<tr>
<td>• Insurance</td>
<td>2,993,400 (1.8%)</td>
<td>21,496 (3.1%)</td>
<td>1.702</td>
</tr>
<tr>
<td>• Real Estate/Other</td>
<td>4,561,000 (2.8%)</td>
<td>15,900 (2.3%)</td>
<td>.826</td>
</tr>
<tr>
<td>• Services</td>
<td>53,301,700 (32.4%)</td>
<td>320,191 (46.2%)</td>
<td>1.424</td>
</tr>
<tr>
<td>• Hotel</td>
<td>2,113,400 (1.3%)</td>
<td>13,196 (1.9%)</td>
<td>1.48</td>
</tr>
<tr>
<td>• Health</td>
<td>11,492,700 (7%)</td>
<td>96,453 (13.9%)</td>
<td>1.989</td>
</tr>
<tr>
<td>• Educational</td>
<td>3,100,000 (1.9%)</td>
<td>32,934 (4.7%)</td>
<td>2.518</td>
</tr>
<tr>
<td>• Professional</td>
<td>11,351,308 (6.9%)</td>
<td>82,245 (11.9%)</td>
<td>1.717</td>
</tr>
</tbody>
</table>

Thus, LQs greater than 1 indicate a higher concentration of a particular sector than is found nationwide; an LQ of 3.4 — shown in connection with the Securities sector — indicates that Boston's concentration in this area is more than three times that of the country as a whole. Though perhaps rough, the LQ is

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5 This number has varied by only a few hundred since 1992, when it was 28,230.
6 Data derived by BRA from U.S. Bureau of Economic Analysis, Massachusetts Department of Employment & Training; supplied by Policy Development and Research Department, BRA.
nevertheless an indicator of specialization and competitiveness; the numbers presented here reinforce the more employment trends displayed in Table 1-1.

Further reinforcement is provided by a comparison of Boston’s employment concentrations against those of the region, or metropolitan statistical area, as a whole. Although the numbers in Table 1-3 are from 1999 rather than from 2000, they provide additional evidence of Boston’s relatively heavy concentration in the FIRE and Services sectors. Thus, for example, within the region FIRE in 1999 represented 8.6% of all employment, while in Boston one year later, that same sector represented 15.6%, as we saw in Table 1-1. Services, which regionally in 1999 represented 38.3% of all employment, in 2000 represented 46.2%. Manufacturing, on the other hand, which regionally totaled 11.8% in 1999 amounted to 4% in 2000.

**Table 3-3: Boston MSA (1999) and Boston (2000): Comparative Employment in Selected Sectors**

<table>
<thead>
<tr>
<th>Total Employment</th>
<th>1999: Boston MSA</th>
<th>2000: Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>3,899,595</td>
<td>693,646</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>460,775 (11.8% of total)</td>
<td>27,993 (4% of total)</td>
</tr>
<tr>
<td>Construction</td>
<td>189,996 (4.8%)</td>
<td>20,091 (2.9%)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>194,988 (5.0%)</td>
<td>17,885 (2.6%)</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>337,198 (8.6%)</td>
<td>107,963 (15.6%)</td>
</tr>
<tr>
<td>Services</td>
<td>1,493,999 (38.3%)</td>
<td>320,191 (46.2%)</td>
</tr>
</tbody>
</table>

**Earlier Indicators**

Finally, these tendencies had already been underscored in the same 1998 BRA report cited earlier, in which the authors identified five specific industries

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7 This number has varied by only a few hundred since 1992, when it was 28,230.
8 Data from Bureau of Economic Analysis Regional Accounts, Payroll and Non-Payroll Employment, CA25. As of Spring 2002, regional data for 2000 were not available.
expected to be key to job growth: professional and business services; health care; financial services; education; and hotels. As for what the report labeled “Manufacturing and Operations,” the authors indicated that, “while not growing, [it] is holding its own in Boston. Despite the fact that manufacturing employment is decreasing across the country, Boston has been able to sustain this small but important segment of its economy, and Boston will maintain its commitment to helping preserve the presence of Manufacturing and Operations as part of the city’s diversified economy” [emphasis added].

The November Announcement

This, then, was the economic reality within which Boston was embedded when, in November 2001, a kind of battle cry came forth from the city asserting that there will henceforth be “no net loss of industrial space!” (Perhaps a more apt declaration might have been, King Canute-like, “no more net loss of industrial space.”)

The question of whether (to mix metaphors) the horses had in fact already left the barn was inadvertently taken up by an article in The Boston Globe on the day of the Mayor’s announcement: “…in the last dozen years…the city lost 13 percent of its manufacturing work force to suburban communities offering more incentives and land for commercial and industrial businesses to grow.” In combination with the data presented in the earlier tables, the Globe’s statement forces one to ask whether a more useful objective of the Back Streets initiative should be “no (more) net loss of industrial jobs,” rather than industrial space. If the goal — “high-quality jobs paying well above minimum wage,” as the Back Streets press materials puts it — is to sustain (1) a diverse and mobile labor market through (2) a diverse economy, a jobs-based (vs. space-based) approach arguably generates a more supple public policy, one that enables accommodation among the variety of development agendas competing for primacy. It also

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enables a more expansive view of the industry sectors to be included under the Back Streets umbrella — a point we’ll return to in the last chapter. And if, as we will see, actual industrial *usage* diverges from what has been industrially *zoned*, a jobs-based perspective provides a more practical, and politically feasible, means of reaching the city’s goal.

The sorts of jobs under discussion are of more than minor concern. If suburban incentives provided the pull for manufacturing firms moving out of the city, the push was noted as early as the 1980s: as Bruce Ehrlich, an observer writing in 1987, put it, “a leading cause of firm migration in 1981 was the private conversion of manufacturing space into office and commercial space and rising rents.” Further exacerbating this situation, according to the writer, was the lack of corporate and political support for the kinds of companies participating in this migration, forced or otherwise. “It is unlikely,” he stated, “that a powerful coalition will ever form around the preservation of blue collar jobs and industry as it did around urban renewal and downtown revitalization in the 1950s and 1960s. The opportunities for profitmaking, employment, and economic growth that are offered by industrial development are just too limited to attract broad popular or elite support.”

**Why Now?**
With Back Streets now on the city’s agenda, one might begin to muse about whether Ehrlich’s comment was remarkably prescient or overly pessimistic or a logical extension of what has, in fact, been a signature element of Boston’s life cycle since its founding. It’s worth reviewing that cycle through the eyes of historian Sam Bass Warner, who offers the following profile:

> From the vantage point of [1999], a good way to comprehend the history of the city is to think in terms of six long waves of alternative growth and depression. The colonial wave of prosperity lasted from 1630 to about 1740. It was followed by half a century of war, revolution, and hard times.

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A second wave of prosperity opened with the trading opportunities of the English wars against revolutionary and Napoleonic France. This mercantile success continued until after the Civil War.

In the midst of this trading prosperity, waves of new immigrants, first from Ireland and later from eastern and southern Europe and Canada, brought a pool of surplus labor to the city. The coming of the immigrants coincided with new industrial methods so that Boston soon grew to be a major manufacturing center. This manufacturing prosperity of the city and its region around Boston endured until the 1921 collapse of prices after World War I. Thereafter Boston city and region experienced a long depression with the out-migration of its core textile and shoe industries. Only wartime order brought relief. Then about 1960 a new regional economy of electronics and a city shift to finance and services restored prosperity and brought on a further remaking of the city.13

This narrative is of more than academic interest. Indeed, it provides at least one of the filters through which to view both the intent of the Back Streets initiative as well as its implementation. In the face of the various macroeconomic or political trends that contributed to several “remakings” of the city, to what extent would the shrinkage in both manufacturing-related jobs and businesses have occurred regardless of government intervention? Does the constant call for “higher and better use” of land, particularly in an active market such as Boston’s, have an inexorability that can at best be moderated but, ultimately, not changed? Had an effort similar to Back Streets been in place in 1981, for example, how different would the terms of the argument have been in 2001, when the Mayor introduced his business retention initiative? Should Back Streets be focused at least as much on the future (what and where will the jobs be, and why) as on the present (what and where are the businesses to be supported, and why)?

12 Ibid., p. 103.
And finally, even in the face of a decrease in manufacturing and industrial jobs over the last decade of the 20th century, Boston’s unemployment rate continued to decline as well, from a high of 8.6% in 1991 to 2.9% in 2000. Nationally, the numbers ranged from 7.5% in 1992 to 4.0% in 2000. At the least, these figures begin to suggest a related series of questions: what is the fundamental importance of Boston-based manufacturing and industrial jobs to the economic and social health and well-being of Boston and its citizens? Do both the absolute and relative unemployment figures suggest a fluid labor market that not only can accommodate itself to the growing industries within the city, but can access jobs in the older industries that have moved beyond the city’s boundaries into the metropolitan region? With the city spearheading the development of a transit corridor, known as the Urban Ring, that will eventually link major employment centers in Boston, Cambridge, Chelsea, among other parts of the metropolitan area, how should this initiative relate to Back Streets? And if there is a relationship, what does this suggest about the design and scope of a manufacturing retention strategy for Boston? Does regionalism have a role to play in designing such a strategy?

What Follows
Back Streets is, as of the beginning of 2002, at the earliest stages of its rollout. The following pages, then, comprise less a look at results than an investigation of its antecedents, its structure and objectives, its comparison with other economic development or business retention strategies in selected cities around the country, and — perhaps central to an evaluation of its efficacy and hoped-for success — its strategic relation to other recent development initiatives put forth by the city.

In the next chapter we will look at key elements of Boston’s industrial and economic development history, including its engagement with urban renewal and the latter’s contribution to Boston’s move away from its traditional manufacturing base. With Boston as its capital, the region also underwent major

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14 Boston Redevelopment Authority, Department of Policy Development and Research.
economic shifts, and we will trace the impact of those shifts on the city economic profile.

The third chapter will examine the characteristics of each of the eight Back Streets districts and, through interviews, some of the individual businesses within those districts. We will also look at the Economic Development and Industrial Corporation, now part of the BRA but formerly a stand-alone agency whose mandate bore a remarkably similarity to the one outlined for Back Streets. In that regard, we will also examine the work of other economic development entities within the city to see where — and how — their activities might be allied to those of Back Streets.

In the fourth chapter, we will look at four cities and their approaches to economic development, both programmatically and organizationally. In the process we will attempt to tease out appropriate best practices and lessons that might be applied to the implementation of — and, in part, to the strategy for — Back Streets.

The concluding chapter will offer a set of recommendations, based on these analyses and observations, designed to strengthen the central idea and to provide alternative approaches to (again) both the programmatic and the organizational components of the initiative. Underpinning this analysis is the belief that the idea of Back Streets is fundamentally important to the city’s civic health; certainly Boston is not alone in its efforts to retain a diverse economic, and social, base. The question we will have to answer is whether — given history, given certain current realities, given other major planning efforts on the part of the city — Back Streets as it stands has sufficient clarity and sufficient reach and is, in the final analysis, sufficiently diverse in its outlook. We will also have to answer the question of whether the challenge that is called Back Streets has been fairly represented: what is, in fact, the true scope of the issue? And how should this inform an overall planning strategy for the city going forward? Do the goals of the project require at the least a reassessment or, more ambitiously, a recasting within a larger economic development framework? For at the end, the
bottom-line question is how this initiative can best meet the Mayor’s desire, as stated in the press materials: “The Back Streets program will promote a deeper understanding of the valuable contribution Back Streets businesses make to the health of the city’s economy by holistically addressing the many issues they face.”
CHAPTER 2
Urban Renewal, The Economic Development and Industrial Corporation, and The Road to Back Streets

Where We’re Going
The challenge facing Boston at the beginning of the 21st century regarding the retention of manufacturing and manufacturing-related businesses and jobs is hardly a 21st century phenomenon. Picking up on the themes articulated in the last chapter by Sam Bass Warner, this chapter aims to provide context for the Back Streets initiative by examining certain key markers in the relatively recent history of Boston’s, and the region’s, economic development. After tracking the large-scale changes that have occurred in the region’s industrial profile, the chapter outlines the impact of those changes on Boston’s economy and on the city’s attempts to respond to those changes. It notes the way in which the city’s policies worked toward creating a reinvigorated downtown that both supported and was supported by newly-burgeoning commercial and service economic sectors. The story continues with the establishment of an Economic Development and Industrial Corporation, as the city recognized the need to engineer an industrial retention strategy that would provide a more complete economic development portfolio. The EDIC, and the degree to which it was equally successful in all aspects of its strategy, will provide the specific link to the present and to Back Streets, as we begin to look at the similarities and differences between the two, as well as at the implications of those links.

First the Region
As many have suggested, the story of Boston is, in many respects, the story of the region. According to one analysis, “the dominant theme in New England’s economic history from 1940 to 2000, as seen from the beginning of the period, is de-industrialization. The key industries in the region in 1940 were largely the same manufacturing industries that had dominated the regional economy one hundred years earlier. By the end of the period, the region’s industrial structure
looked very different.... Manufacturing as a whole employed only a small fraction of the workforce and no longer distinguished the region.”¹

Using a somewhat different set of details, another scholar has argued that “since 1850 New England has lost most of its locational advantages. Its seaports have surrendered trade to ports with better rail connections.... All the regional capital markets have been linked together, so that profitable firms in every part of the country can obtain funds for rapid expansion. After 1920 immigration was drastically curtailed and with it New England manufacturers’ traditional supply of low-cost unskilled labor. The total impact of all these changes became readily apparent when employment in New England’s textile industry started to decline in the nineteen-twenties.”²

This trend only seemed to worsen after World War II:

Textile employment fell to 180,000 by 1954, a loss of 100,000 jobs or 40 percent of the industry’s 1948 employment and 3 percent of total New England employment. The region’s shoe industry responded to competitive pressures by migrating from southern to northern New England.... [F]or Massachusetts towns like Haverhill, Lynn, and Brockton, where shoemaking had been the leading employer, it was little consolation that the industry was moving to Maine rather than the Carolinas. These two industries combined would employ but 135,000 workers in 1973 and 47,000 in 1997 — one-eighth of their 1949 job count.³

Then the City
In his review of Boston’s state of affairs by the mid- to late-fifties, Bruce Ehrlich continued filling out this rather dismal picture:

New England’s manufacturing economy had experienced capital flight and disinvestment since the turn of the [20th] century. New construction

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in Boston had come to a virtual halt by the end of the 1920s, and events following World War II even worsened the city’s situation. Wartime industrial policy, combined with postwar federal highway, housing, and tax policies, had catalyzed a major migration of industry and population to the suburbs [and] to the western United States. Between 1950 and 1960, the city’s population fell by 13 percent, from 801,000 to 697,000, and its employment fell by 10 percent, from 558,000 to 500,000. At the same time, Boston’s suburban population increased 9 percent and employment grew by 22 percent....

Looking back on, and extrapolating from, these numbers, a more recent city-sponsored analysis suggested that “clearly, the region’s economic growth was occurring in the suburban ring where there was easy Interstate Highway access and less expensive land. Furthermore, the manufacture and distribution of goods became dependent upon easy highway access rather than access to rail or port facilities, making Boston a less desirable location for what had once been its dominant economy.”

Further evidence of the changing economic landscape is provided in a second city-sponsored report that looked at gross product by industry in millions of constant dollars (see Table 2-1 on the following page). Although put together in 1991, the numbers offer support for the employment figures shown in Table 1-1 (page 10). The time — and the place — had definitely been changing.

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Table 2-1: Boston Gross Product, 1972 and 1986 (in constant 1986 millions of dollars)\(^6\)

<table>
<thead>
<tr>
<th>Industry</th>
<th>1972</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>1,787</td>
<td>1,594</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,743</td>
<td>1,422</td>
</tr>
<tr>
<td>Construction</td>
<td>808</td>
<td>539</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>6,477</td>
<td>10,466</td>
</tr>
<tr>
<td>Services</td>
<td>3,562</td>
<td>6,978</td>
</tr>
</tbody>
</table>

There is, arguably, another factor that made New England's — and Boston's — situation especially painful: That is, in broad outline the economic conditions were possibly no different from those that afflicted other major urban centers during the same period. For Boston, however, there was the *psychological* impact to be added to the social and economic consequences of the downturn. A city that had once been central to the country's narrative, both culturally and economically, had, in some ways, been turned into something of a nullity. “For nearly a half-century...Boston hibernated,” according to one critic, “losing its old industrial and mercantile economic base and a good third of its population. People came to regard it as a town without a future, described more than once as a 'hopeless backwater.' Even a newly elected mayor, [John] Collins in 1960, spoke about a ‘malaise of the spirit’ and how ashamed people were about the state of their city.”\(^7\)

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\(^6\) Boston Redevelopment Authority, “Boston Gross City Product and Productivity: 1972-1986 with Geographic Comparisons,” p. 7. (Data derived from U.S. Bureau of Economic Analysis and Massachusetts Department of Employment and Training.) The text accompanying an expanded version of this chart underscores “the specialization of Boston's economy,” with FIRE and Services going from 49% of total economic production in 1972 to 62.5% by 1986. Manufacturing, on the other hand, went from 8.71% to 5.72% in the same period, while trade went from just over 15% to just over 10% (p. 9).

Exacerbating an already critical situation was a relatively high real estate tax and what Ehrlich politely refers to as “erratic assessing procedures.” In fact these latter reflected many of Boston’s political idiosyncrasies derived from a class structure that made (and that still make) the city simultaneously so perversely charming and so infuriating:

During the [Mayor James] Curley years [in the 1940s], it had been customary for the city administration to place high assessments on land and real estate property in the downtown business district, typically owned by well-to-do Yankee Republicans. That process had served three major purposes: First, it had created a constant nuisance and a bothersome headache for the class of people for whom Curley had an abiding dislike...Second, by constantly raising the assessed valuation of business and commercial property, Curley had been able to keep taxes for working-class homeowners in the neighborhoods to a minimum, although they were still painfully high. And third, whenever some hard-pressed downtown property owner requested tax abatement, Curley had found himself in the self-satisfying position of trading favors for concessions. This was the way the system worked....

Urban Renewal and Early Economic Revival
What is perhaps most remarkable, given both an exhausted economic environment and a contentious political one, is that Boston’s business leadership did not desert the city. Admittedly, there was more than a modicum of self-interest at play, as Ehrlich points out:

Local leading corporations and financial institutions had an enormous stake in the city since they owned much of the real estate downtown and held mortgages on property throughout the city. They had two choices — to walk away from the central city and write off their declining investments there, or to rebuild and recapitalize the city. Since Boston’s elite valued the city’s central business district as an important location for

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8 Ehrlich, op.cit., p. 30.
coordinating economic activities...they recommitted themselves to the city.\textsuperscript{10}

At the risk of misconstruing a decision that was undoubtedly more hard-nosed than sentimental, one can say that Boston’s business establishment nevertheless helped to create the conditions that eventually spawned a major rebirth for the city, marrying self-interest to civic virtue in a kind of explosion of Brahmin noblesse oblige.

Whether consciously or not, it seemed that the city’s initial attempts, in the early 1950s, at renewal were focused on returning to some state of industrial glory. The results were hardly salutary. As its first urban renewal project — the so-called “New York Streets” effort — the city essentially replaced a South End working class neighborhood with what was hoped would be a new industrial park supporting a more productive use of the land (“higher and better,” presumably) and generating an increase in tax revenues. Although one of Boston’s newspapers moved to the area as did, eventually, a major high tech company, the results were criticized “as too small to have any appreciate effects on the city’s future.”\textsuperscript{11}

And still the economy continued to shift fundamentally away from manufacturing. As Ehrlich notes: “Manufacturing stagnated and wholesale and retail trade continued to decline. Meanwhile, employment in government rose by 35 percent in the 1950s, in services (particularly health and education), by 34 percent, and in finance, insurance and real estate, by 48 percent.”\textsuperscript{12} By itself, urban renewal, at least as it was being implemented, was no answer to the economic difficulties affecting the city, and in fact exacerbated the problem with massive human dislocations.

\textsuperscript{10} Ehrlich, op. cit., p. 30.
\textsuperscript{11} O’Connor, op.cit., p. 145.
\textsuperscript{12} Ehrlich, op. cit., p. 71.
This policy reached a kind of apotheosis with the demolition of an entire neighborhood — the West End — that had been deemed "obsolete," and its replacement by a Le Corbusier-like series of residential towers jutting up from a kind of concrete-and-grass park. A dry-eyed description of what ensued in the West End was offered by Herbert Gans not long after its "renewal": "The West End was not a charming neighborhood of 'noble peasants' living in an exotic fashion, resisting the mass-produced homogeneity of American culture and overflowing with a cohesive sense of community. It was a run-down area of people struggling with the problems of low income, poor education, and related difficulties. Even so, it was by and large a good place to live."\textsuperscript{13}

Gans later summarized some of the rationale behind the decision essentially to demolish a neighborhood that housed at the time 7000 people in about 2800 households:

"Boston is a poor city, and the departure of middle-class residents and industry for the suburbs has left it with an over-supply of tax-exempt institutions and low income areas that yield little for the municipal coffers. Through the federal redevelopment program, the city fathers hoped to replace some of the low-yield areas with high-rent buildings that would bring in additional municipal income. Moreover, they believed that a shiny new redevelopment project would cleanse its aged, tenement-dominated skyline, and increase the morale of private and public investors. This in turn would supposedly lead to a spiral of further private rebuilding in the city."\textsuperscript{14}

In the final analysis this particular foray into urban renewal was seen as both devastating to those whose lives were shredded, and piecemeal, absent any overriding strategy that would in fact reinvigorate what seemed to be a moribund city. As Ehrlich points out, the city's business leaders were less than enthusiastic about the controversial results of these urban renewal projects, which seemed, again, to have more to do with displacement than with anything

\textsuperscript{13} Herbert Gans, \textit{The Urban Villagers} (1962), p. 16.
that might resemble renewal. Speaking perhaps on behalf of all those who had been removed, a resident of the former West End was quoted by Gans, saying, “I wish the world would end tonight... I’m going to be lost without the West End. Where the hell can I go?”

For those remaining, then, the city government was seen as ineffective as well as corrupt and pretty much based on patronage politics, manifested by the left-over taxation system described above. The mayor during this period, John Hynes, was unable to change the system; according to Ehrlich, he “merely changed the nature of patronage politics, but did not end it”.

With the ascent in 1960 of Hynes’s successor, John Collins, however, the shape and intensity of development changed considerably, from the 1960s and into the early 1970s. A new, more integrated, more politically viable strategy was put in place, bringing together the political and business establishments to bring to life what John Hynes had in fact hoped for but was unable to realize — to create what some came to call “The New Boston.” (A New Yorker cartoon toward the end of that period showed two women of a certain age chatting on a train: “I think I should warn you, my dear,” says one; “they’ve torn down most of Boston and put up something else.”)

This intensity was aimed at a revamped central business district which represented, as Ehrlich notes, the costliest renewal plan of its time, with more federal urban renewal dollars per capita coming to Boston than to any other city. “Propelled by practical-minded visionaries and generous federal urban renewal subsidy programs, a near-desperate period of demolition and reconstruction ensued. At the height of the era of urban renewal one quarter of the city was designated an urban renewal area.”

14 Ibid., p. 285.
15 Gans, p. 289.
16 Ehrlich, op. cit., p. 31.
17 Ibid., p. 33.
18 Krieger, op. cit.
Boston’s New Focus

In short, there was indeed a new economic vitality at work in the city, but one that had more to do with creating a viable future than figuring out ways to recapture the past. “To replace its shrinking industrial base the city needed to convert itself into a center of the service and finance based economy that was beginning to emerge nationwide. The concentration of world-class colleges and universities made the city a logical choice for the industries that were eventually to relocate here.”

The impact of these forces of “intellectual capitalism,” including the medical centers and hospitals, cannot be gainsaid. In addition to their role as major “export” industries, they served as incubators for homegrown, globally significant, technology-based industries, contributing mightily to the city’s turnaround. As Ehrlich also notes, “for the first time since the 18th century, developers and financiers from outside of Boston, from around the nation and the world, began to play a major role in Boston’s development.”

It should not pass unnoticed that by the early 1980s this shift in the city’s fortunes once more underscored the truism regarding the general unavailability of free lunches:

[With the prosperity came high unemployment] among workers displaced by closing or relocating manufacturing plants; [in addition] a high percentage of jobs in the growing service sector paid relatively low wages or provided only part-time work;...and rents rose dramatically for Boston’s tenants, who [made] up two-thirds of the city’s population, wiping out any gains in real income that many of them may have realized.

But again, this was not a new phenomenon for Boston; the high cost of living had long been noted. For example, a 1967 study of New England’s competitive

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20 Ehrlich, op. cit., pp. 36-37.
21 Ibid., p. 37.
position referred back to a 1959 Bureau of Labor Statistics report indicating that, among the 20 cities surveyed for that report, “the cost for a city worker’s family in Boston was exceeded only by that in Chicago and Seattle.”22 (For comparison purposes, it’s interesting to look at the BLS’s Consumer Price Index for 1997 [1982-1984 = 100] both nationally and in these three cities: Boston = 167.9; Seattle = 163.0; Chicago = 161.7; US = 160.5. To anyone living in Boston, these numbers are not particularly shocking; they are yet another signal, however, that current conditions did not arrive unannounced.)

The Role of The Boston Redevelopment Authority

The city agency helping to propel Boston’s transformation was — and continues to be — the Boston Redevelopment Authority. Established in 1957 by the Massachusetts Legislature, it replaced the Boston Housing Authority as “the designated local public authority in handling federal redevelopment funds and in taking over responsibility for executing established policy...”23 Its mandate includes the power to buy and sell property, to acquire property through eminent domain, and the power to grant tax concessions in order to encourage commercial and residential development. Among its key responsibilities are: making recommendations on major construction and redevelopment activity to the city’s Zoning Commission and Zoning Board of Appeal; and drafting master plans that address the city’s needs for infrastructure, downtown and community economic development, and that include design guidelines and development controls.24

Virtually since its inception, the BRA’s efforts for the most part have been directed toward redevelopment and enhancement of the city’s central downtown core, represented in part by the addition, between 1962 and 1998, of over 25 million square feet of office space. Until quite recently, the city was able, through the BRA, to boast about an economy “that has emerged [as] one of the strongest in the nation. Boston has completed its shift to a service based

23 O’Connor, p. 127.
24 See http://www.cityofboston.com/bra/about_us.asp.
economy and, as a result, has high concentrations of professional service and finance jobs.” As for the non-service sectors, we’re told, almost as an aside, that “blue collar jobs in manufacturing, wholesale trade and transportation, communications and public utilities also remain available.”

A Balancing Act: The Economic Development and Industrial Corporation
Prior to that emergence, however, and well into the era of renewal and redevelopment, economic recovery was by no means assured. In 1969, for example, “professional and working class families, along with industrial companies, were still leaving the city for the suburbs. At that time, no one could be certain that office employment would ever make up for the tens of thousands of good manufacturing jobs that had left the city.” To hedge against that uncertainty, in 1971 the city established, via the Massachusetts legislature and the state’s Department of Housing and Community Development, an Economic Development and Industrial Corporation. With the BRA functioning essentially as a planning and zoning agency whose focus was on downtown (and whose employee base was, for the most part, non-residential), the EDIC would be expending its energies on strengthening the manufacturing sector by “creating and preserving industrial jobs for the City of Boston residents” — language remarkably similar to that set forth for Back Streets (a point to which we will return toward the end of the chapter). According to the state’s EDIC “Fact Sheet,” “any municipality that has been designated by the U.S. Department of Labor as a labor surplus area due to high unemployment is eligible to establish an EDIC....” Somewhat more vividly, the EDIC’s purpose has been described as helping “to remedy conditions of industrial decay found to exist in parts of

25 Boston Redevelopment Authority, “History of Boston’s Economy,” p. 12. Ehrlich makes the point (p. 71) that “according to the traditional land use theory underpinning BRA policy, businesses that can pay higher prices for land are deemed the ‘highest and best use’ for the land. Since they make the most ‘efficient’ use of the land, the losses that may arise from displacement are always considered secondary to the gains of the new use.” Though written some years ago, this comment encapsulates one of the major challenges facing the Back Streets initiative.
26 Ehrlich, op. cit., p. 73.
27 Boston Redevelopment Authority/Capital Construction Department, “Marine Industrial Park” (November 2000). The important issue of EDIC’s impact on job creation and preservation, as part of economic development, will be taken up further in Chapter 5.
28 See http://www.state.ma.us/dhcd.
Boston which ‘cannot be dealt with effectively by the ordinary operations of private enterprise...’

Among the criteria used by DHCD for approval of a Corporation are: (1) evidence that there is significant demand for industrial land; (2) evidence that “the Redevelopment Authority, if there is one, is unable to assemble industrial lands”; (3) an economic development plan “showing one or more economic development projects within an economic development area.” To achieve its mission, the Corporation as well was given “the ability to own, lease and manage real property; the power of eminent domain; and the ability to issue revenue bonds to fund improvements.”

As noted, and at least on paper, the Corporation was structured to be independent of City Hall, with its own board of directors, separate borrowing and financing authority, and the right — similar to the BRA’s — to acquire land using the power of eminent domain.

Following through on these guidelines with what has been called a true entrepreneurial culture, the EDIC’s first major — and still most significant and successful — effort involved the acquisition, in 1977, of the 133-acres South Boston Naval Annex, a once-active but now dormant shipyard that had originally been bought by the U.S. Government from the state. An additional 23 nearby acres, comprising the former South Boston Army Base, were acquired in 1983; together, the two formed what came to be called the Marine Industrial Park. “Starting with a vacant military facility, EDIC has developed and managed the MIP...promoting [through leasing] both maritime and industrial reuses of the existing facilities and investment in new job-creating industries.... Business

30 Ibid.
31 Erhlich, op. cit., p. 74.
32 Interview with Larry Mammoly, March 1, 2002. This same point was also made by the owner of a metalworks company (interview January 17, 2002), who, with EDIC’s assistance, was able to move his business to Hyde Park from Jamaica Plain in 1987. Whether through personal pique (as suggested by a BRA staff-member) or not, this individual’s attitude toward the way in which EDIC is currently fulfilling its mission was considerably more skeptical.
activities include food processing, ship repair, interior design, printing, circuit board assembly, seafood processing and distribution, construction staging and inter-modal freight handling, among others."

Within the Marine Industrial Park, the EDIC oversaw the conversion in the 1980s of the so-called Building 114, with a total of 1.65 million square feet, into the Bronstein Industrial Center and the Boston Design Center. This effort is seen as a major step by the Corporation toward fulfilling its mandate: it was able to retain jobs (particularly through its earliest efforts to house in the BIC small garment manufacturers being displaced by expansion of the Tufts New England Medical Center downtown) and, in the case of the Design Center, creating a venue for certain kinds of local companies (in this case, furniture and furnishings) that would eventually attract national firms.

Included within the EDIC’s financing purview, as part of its original mandate, was the Boston Local Development Corporation program, which is now staffed by the BRA and which provides small business loans of between $15,000 and $150,000 for existing businesses in or relocating to Boston; the Boston Industrial Development Financing Authority, a bond-issuing entity operating on behalf of both for-profit industrial enterprises as well as non-profit organizations; and Tax-Exempt Industrial Development Bonds aimed at job creation and/or job retention. (BLDC and BIDFA are both key instruments in support of the Back Streets initiative; see page 38.)

As we saw in Chapter 1, and as noted by Ehrlich, at least in the 1980s, “the opportunities for profitmaking, employment, and economic growth that [were] offered by industrial development [were] just too limited to attract broad popular or elite support.” On the other hand, “to the extent that the agency... successfully completed major industrial development projects and retained manufacturing jobs...it [proved] to public and private sector actors that

33 “Final Master Plan,” op.cit., p. 11-12.
34 See http://www.cityofboston.com/bra/EconDev.asp.
manufacturing [could] survive in Boston." In that regard, the Marine Industrial Park remains the EDIC's signal achievement, with 200 businesses supporting 3500 employees, and $40 million in public investment generating, as of 2001, over $150 million in private development.

Beyond the Marine Industrial Park, the EDIC did engage in the development of several considerably smaller self-contained industrial areas, including Alsen-Mapes in Dorchester and Crosstown in Newmarket (both are in Back Streets districts). Neither however, has so far produced the kind of returns generated by the MIP: the former currently houses three manufacturing-related companies, while the latter has been the target of a various development initiatives, including a 2002 proposal to house biotechnology-related businesses (see Chapter 5).

EDIC and the Boston Redevelopment Authority

Beginning in 1990, the EDIC's somewhat autonomous fortunes shifted, with the absorption of the Mayor's Office of Jobs and Community Services. The rationale behind the merger focused on the need for coordinating job training with industrial development — even though EDIC had its own, admittedly smaller job training unit, the Boston Technical Center. The final incorporation of the EDIC into the operations of the city occurred in 1993, when it was joined with the Boston Redevelopment Authority. Here, the reasoning, according to a 1993 report commissioned by the city, was couched in more strategic terms:

Today's economy demands that the City strengthen its ability to capture and implement investment opportunities. To achieve this end, the City should have one economic development agency under which is consolidated the key tools of land use planning, land assembly and disposition, bonding authority, and the granting of tax predictability. The

35 Ehrlich, op. cit., p. 103.
37 An ironic footnote to EDIC's activities: Ehrlich's 1987 thesis mentions EDIC's "significant accomplishment" in keeping the Hood Milk Company from moving out of its Charlestown site to a western suburb, and thereby retaining its 1000 jobs for the city. That site is, in 2002, under development as one-million-square-foot office park, with Hood — having been purchased by Cumberland Farms — now in fact located in Marlborough.
City should also clarify and expand its ability to promote neighborhood stabilization and investment by making one community development agency responsible for neighborhood business programs, community development programs, and public infrastructure improvements.38

Some viewed the merger from a different strategic perspective, seeing the consolidation more as a function of the city’s revenue shortfall, with the MIP cash flow offering an especially attractive target of opportunity.39 In any case, although the EDIC remains, by legislative rule, a separate agency, it resides for all intents and purposes within the BRA’s larger set of responsibilities: “Economic Development” is listed fifth on the BRA website’s table of contents, preceded by “Neighborhoods,” Planning Initiatives,” “Development Projects,” and “Jobs and Community Service.”

**EDIC and Back Streets: Past as Prologue**

For purposes, again, of understanding Back Streets and its derivations, it’s important to take cognizance of the EDIC’s concerns at the time of its integration into the BRA. In yet another 1993 report — one that in fact could just as easily have been written in direct support of the current Back Streets initiative — the authors assert that “the retention of ‘traditional’ manufacturing industries is a very important issue that must be addressed. Several have relocated or gone out of business because of foreign competition. Now, others could face a similar fate. An important public policy issue will be what course the government should play in keeping these industries in New England.”40 Earlier, the authors get at the complexity of the issue by stating that “challenges to the manufacturing base will have to be met and planned for, including economic conversion of defense industries, restructuring of the computer and technology industries, expansion of

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39 Interviews with Jerry Rubin, ex-Deputy Director, EDIC, January 3, 2002; Larry Mammoly, March 1, 2002.
the biotechnology and pharmaceutical industries, support for emerging industries, and retention of basic manufacturing firms.”  

Five years later, in its 1998 report on Boston’s “growth economy” (see Chapter 1, page 7), the BRA asserted that “Boston will maintain its commitment to helping preserve the presence of Manufacturing and Operations as part of the city’s diversified economy.” Finally, in 2001, after these and other reports, analyses, observations — many of them city-sponsored — warning about the challenges to Boston’s “diversified economy,” the city promulgated Back Streets.

The materials announcing Back Streets did acknowledge many of the economic shifts — citywide or regional — discussed earlier. And again, Boston was by no means immune from some of the larger national forces at work. The report of a 1993 policy forum sponsored by the National Council for Urban Economic Development and the U.S. Department of Commerce is especially forceful in this regard:

> The economic base of major cities, especially large old northeastern and midwestern industrial cities, has been beset by several devastating economic forces between the mid-1960s and mid-1980s. These economic forces include the urban disinvestment and associated out-migration of industry and commerce; several national recessions; and a major energy crisis coupled with two major foreign oil embargoes.

Nevertheless, what goes around comes around. Given the history recounted in these pages, one has to wonder about the extent to which Back Streets represents a new initiative or a recapitulation, inadvertent or otherwise, of the original intent of the EDIC. It is instructive, for example, to study EDIC’s original 1971 guidelines in light of what we already know about Back Streets (and will return to in the following chapter). Those guidelines set forth the following objectives:

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41 Ibid., p. 4.
- To encourage types of development consistent with the public interest, which will maximize employment of City residents;
- To return to productive use those public and private land areas and buildings which are now vacant or underutilized; and
- To use those resources within the framework of a balanced program designed to conserve and expand existing commerce and industry as well as create and attract new industrial and commercial activity which will have the greatest impact on the City of Boston.44

In light of our understanding of Back Streets, these guidelines generate remarkable resonance and seem to pose a wide-ranging, systematic — and systemic — economic development strategy, of which an initiative such as Back Streets would be but one piece. Linking development to the “public interest” raises its own set of issues (Who defines that interest? Are there numerous interests? How are they adjudicated?); but at least theoretically, such a construct allows for a responsive economic and planning policy able to adjust to changes in both the macro- and the microenvironments.

With EDIC’s continued existence, however vestigial, and assuming these guidelines are still operative at some level, and accepting Orwell’s dictum that language prefigures action, there arguably is value in considering whether Back Streets (and other economic development initiatives) should be shaped and implemented within this sort of framework. A question to keep in mind as we look more closely in the next chapter at the components of the Back Streets initiative is how — or whether — such a larger setting might add value to and strengthen what Back Streets hopes to accomplish. Should Back Streets trigger a new look at the EDIC and at its rather powerful set of original objectives? Does, or should, Back Streets — within a newly empowered EDIC — have an even more extensive role to play than that set forth by the Mayor in his November 2001 presentation?
What's Next

In the following pages, we will attempt to get at answers to these questions through a distillation of the voices of many who work in or own the various businesses within the Back Streets districts, and of the perspectives of other stakeholders. We will look at other pieces of Boston’s economic development mosaic, such as community development corporations, trying to determine how, if at all, they might relate to Back Streets. Another aspect of the local focus is the political importance of the neighborhoods not only to Boston’s current mayor but to his predecessor; we will, therefore, look at the degree to which their relationship to the neighborhoods influenced, and (in the case of Menino) continue to influence policy formulation.

In the fourth chapter, we will also review economic development and business retention strategies in several other U.S. cities, drawing (where it seems plausible) on practices that are both best and relevant. And we will return to the EDIC, picking up on the rhetorical links to determine whether there are operational implications embedded in those links. Finally, in the last chapter we will lay out a series of propositions put forth in order to add value to the city’s expressed effort to sustain a diversity of businesses by leveraging even more aggressively its current and future assets.

44 Guidelines included in a 1999 BRA/EDIC proposed economic development plan for Newmarket.
CHAPTER 3
Back Streets: On The Page, On The Ground

Where We’re Going
After a more detailed look at the general principles that inform Back Streets, this chapter provides summary profiles of the Back Streets districts themselves, including the business and employment mix within each. It then reports on the way in which the initiative and those defining principles are viewed by representatives of its chief constituency— the business owners and managers of the small- and medium-sized industrial firms located within these districts. Other stakeholders whose perspectives contribute to an understanding of the initiative are those of various state, city, or local groups and agencies that play an active or advisory role in the city’s economic development, ranging from the Greater Boston Chamber of Commerce to community development corporations.

The central question here is the extent to which Back Streets can—or does—mesh with the goals and actions of these groups and agencies, and the extent to which Back Streets needs to be activated as only one strand— however significant and however complex— of a much larger economic development and planning strategy. Such a strategy would assemble the city’s various economic development initiatives to determine mutually supportive goals and the greatest points of leverage. Furthermore, as a component of this larger strategic worldview, such a strategy would also engage the issue of creating partnerships within the city agencies and between the city and its actual or would-be institutional allies.

Returning again to the EDIC’s history— particularly as experienced by some of its veterans—we will posit how some parts of that history might be applied not only to the challenges expressed and faced by the Back Streets businesses, but to the overall design of an economic development policy for Boston. We will look further at the degree to which (as we said in the previous chapter) the past—at least as represented by the EDIC—is resurfacing in the present.
An Overview of the Initiative

As conceived by the Boston Redevelopment Authority, and as ultimately promoted by Mayor Menino, Back Streets sets out four so-called “strategic development goals” centered on, respectively, business assistance, land use, resources and partnerships, and the workforce. These publicly-stated goals include the following directives:

- **Make Boston an attractive, hospitable place to do business.** Steps toward that goal include business assistance, resource coordination, and marketing.

- **Support the growth of Boston’s Back Streets businesses.** Crucial to the realization of this objective is the adoption of comprehensive economic development plans for each of the identified industrial zones within the city. According to the publicity prepared in support of Back Streets, these plans will look at “land use, circulation, business and workforce services, image development, and infrastructure improvements.” Furthermore, “these local plans, carried out with the input of local business owners and residents will gauge the efficiencies of each districts (measured in jobs per square foot), and serve as the basis for citywide and regional planning for workforce and land use [emphasis added].” Although there is no real definition of what comprises the “region” in question, there is at least the potentially useful implication here of the larger environment to which this initiative is (or can be) linked.

- **Bring new and existing resources to Back Streets businesses.** Included here is the city’s stated commitment of $1 million in new funds to the Boston Local Development Corporation (see page 31), and an increase in the fund’s financing cap from $150,000 to $250,000 to support Back Streets businesses. Similarly, the Boston Industrial Development Financing Authority is to increase its marketing to Back Streets businesses of low-cost tax exempt bond financing.

- **Help Boston’s Back Streets companies find, train and develop workers.** Here, the initiative offers assistance to Back Streets businesses “in accessing human

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1 The material that follows is adapted from a city-sponsored marketing brochure titled “Back Streets: Where Boston Really Works,” part of the initiative’s official launch in November 2001. The brochure in turn is in large measure derived from a presentation prepared by The Boston Consulting Group and ICIC on behalf of the Boston Redevelopment Authority, and delivered to Mayor Menino on August 24, 2001.
resource programs such as English language courses and technology training" as well as “neighborhood job training programs.”

Additional support for Back Streets businesses is to be provided through the strengthening of zoning review guidelines in response to development proposals for the conversion of industrial land and buildings to office, commercial, residential, or institutional uses.

But above all, according to the initiative as proposed, its keystone will be the appointment of a team of three District Business Managers assigned to monitor the districts through on-going communication with business owners and managers. The stated purpose is “to establish personal connections and make a first-hand assessment of a company’s operations, current needs and future challenges.” These DBMs in turn are to form “a rapid-response team” aimed at helping businesses negotiate their way through relevant government agencies, red-tape, etc. This is significant: According to at least one planner at the BRA, Boston’s zoning policies do allow, by special permit, non-industrial uses in industrially-zoned areas. Nevertheless that has less to do with businesses leaving the city than the way in which these businesses are able — or unable — to cope with a complex bureaucracy.²

We will be returning to the DBMs in later chapters (see pp. 64 and 94); at this point, suffice to say that their success will depend largely on the degree to which there is institutional and operational support within the BRA for their efforts.

Finally, while not included in the official launch of the initiative in November 2001, there is a section in its background materials asserting that “Back Streets is also a platform for innovation” — whether through a “study of cluster and growth potential for emerging businesses,” the creation of on-site ESOL training through the Mayor’s Office of New Bostonians, an “assessment of Boston’s energy and power infrastructure,” or “fostering the retention of leading industry

² Conversation with Lance Campbell, BRA (May 1, 2002).
spin-offs.”³ However compelling an idea, nothing so far produced during the 
early stages of the initiative’s life has provided further blueprints for the 
construction of that platform.

Mayors and the Neighborhoods
Beyond its hoped-for contribution to innovation, however, Back Streets clearly 
reflects the Mayor’s announced, and pronounced, penchant towards Boston’s 
neighborhoods. Certainly the promotion, throughout his tenure, of the Main 
Streets program speaks to a neighborhood focus, one that goes beyond the 
downtown and that, to some degree, reflects his political origins as a city 
councilor representing the neighborhoods of Hyde Park and Roslindale. 
Menino’s involvement with Main Streets in fact predates his first term as city 
councilor: in 1984, while running for that office he organized a group of 
Roslindale residents and merchants to begin dealing with problems in the retail 
district. That effort formed the backbone of one of the first Boston Main Streets 
programs — one that went on to win the 1991 Bruner Foundation Award for 
Urban Excellence.⁴

Menino’s immediate predecessor, Ray Flynn, enjoyed a similar pedigree (having 
represented South Boston on the City Council) and, in fundamental ways, most 
definitely included Boston’s neighborhoods in his line of vision. Through a 
series of various initiatives — a Boston resident jobs policy, for example, 
requiring the hiring of Boston residents for one-half of all construction jobs on 
projects whose developers had acquired a city permit; implementation of an 
inclusionary zoning policy requiring luxury housing developers to construct 
affordable housing, etc. — Flynn, according to Bruce Ehrlich, “demonstrate[d] to 
Boston’s poor and working-class citizens that [he was] trying to spread 
downtown’s wealth to their neighborhoods, and...strengthen a sense of civic 
responsibility among Boston’s corporate elite.”⁵ In Ehrlich’s view, 
“‘Neighborhood’ Ray Flynn [became], at once, a great advocate of downtown

³ From the August 24, 2001, presentation, p. 19.
development and affordable neighborhood housing.” More often than not, according to Peter Dreier, a former senior policy advisor to Flynn, “it was City Hall working with neighborhood groups fighting the banks (over redlining), the developers (to require linkage and other concessions to neighborhood vitality), the landlords (for promoting gentrification), the elected School Committee (for ignoring the needs of the students). . . . Like no other big-city mayor in America, Flynn took on the powerful on behalf of the powerless.” Elsewhere, Dreier notes that “the Flynn administration gave neighborhood organizations and housing activist groups a significant role in the city’s housing and development policies. . . . These groups worked with city housing agencies in drafting guidelines for development of city-owned land, developed guidelines for megaprojects, and reviewed every proposed development in their neighborhoods. . . . [N]o project would gain city approval without neighborhood support.”

In large measure, the kind of activist, neighborhood-centered agenda promulgated by Flynn was extended by his successor, though with less emphasis on local activism and more on economic development across and throughout the city. The commitment by Menino to Main Streets began what was to be a distinguishing mark of his administrations. And in his 2001 State of the City address, he was adamant on this point: “As I see it, Boston should be a city where every child gets a good education, every resident gets a good paying job, and every family is part of a strong neighborhood.” To achieve the latter, the mayor articulated, as a major priority, the goal of “reviving residential areas and neighborhood business districts.”

This link back to the neighborhoods is reiterated throughout the Mayor’s “cover letter” accompanying the Back Streets materials. He refers multiple times to the

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6 Ibid., p. 61.
way in which Back Streets businesses are “scattered in every neighborhood of our city.” Furthermore, “a strong downtown can’t survive without stable neighborhoods….One of Boston’s great success stories is the comeback of our neighborhoods.” At least implicitly the initiative is designed to coalesce these “scattered” businesses, and the neighborhoods in which they sit, into a major component of Boston’s continued economic health. In that light, Back Streets, at least conceptually, can be seen as contributing to a distinctive political legacy — that of a mayor who, even more than his predecessors, sustained the economy of and diversity within Boston’s neighborhoods.⁹

A Note on the Numbers
Given the central economic, as well as social, importance assigned by the city to the Back Streets initiative and the Back Streets neighborhoods, the question of geographic scale is more than a trivial one. As mentioned in Chapter 1, and according to figures produced by the BRA’s outside consultants, 21% of Boston’s jobs are Back Streets jobs. This total includes 7% of Boston’s jobs in commercial services; 4% in manufacturing; 5% in logistics; 3% in wholesale trade (including food processing and importing); and 2% in construction.¹⁰

At the same time, and again as noted in Chapter 1, the BRA’s Policy Development and Research (PDR) staff estimates that 5%, or 1,565 acres, of Boston’s total land area is considered industrial.¹¹ A PDR draft report grounds its estimate as follows:

This analysis captures all industrial uses as classified by the Assessing Department, all vacant industrial land, and tax-exempt industrial sites owned by the BRA/EDIC and Massport. It does not include industrial sites dedicated to public use, such as the MBTA [Rapid Transit] or city public works yards, because the jobs associated with those uses are classified as governmental and not industrial.¹²

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⁹ The Mayor himself put it this way: “Buildings will happen. But my legacy is about people.”
¹⁰ BCG/ICIC/BRA Presentation, op.cit., p. 7.
¹¹ Based on City of Boston Assessor data FY2000.
The back-up information developed by the outside consultants — The Boston Consulting Group and ICIC — offer an estimate that, in acreage, is more than double that of the BRA’s own analysis — 3,811 acres vs. 1,565 from the BRA.¹³ This discrepancy is no doubt derived from the fact that PDR estimates are based on usage, while ICIC/BCG totals are based on zoned acreage.

In any event, with an estimated citywide total of 4,000 Back Streets businesses (a bit over 3,000 of which are clustered in the eight labeled Back Streets districts) employing over 118,000 people,¹⁴ the ability of 5% — or even 10% — of Boston’s land area to support this kind of employment density, given the nature of these businesses, is perhaps theoretically possible but difficult to conjure.

Rather than an instance of splitting hairs, absent an agreed-upon set of parameters and definitions, these multiple numbers raise questions about the scope, complexity, and overall strategic design of Back Streets. If, according to the BCG/ICIC estimates, the labeled Back Street districts are supporting 47,000 employees out of the 118,000 total — or approximately 40% — where are the remaining 60%? Is the city promising that the identified districts will serve as refuges for Back Streets businesses perhaps forced to move other parts of the city? Is it feasible to suggest that the available Back Streets acreage — assuming it remains constant — can absorb another thousand firms — and another 60-70,000 employees? As a fundamental question, what is the true picture of the amount of land available for industrial uses? What does that figure imply about what is strategically possible for the city to promise and deliver on?

There can be no disagreement over Boston’s continuing need for a diversified, multi-level economy supporting good-paying jobs and a mobile labor market. In order to design an appropriate strategy to achieve this goal, however, some degree of precision is required based on a common understanding of the kinds of

¹² Courtesy of John Avault, BRA, February 14, 2002.
¹⁴ Data from BCG/ICIC reports.
jobs in question, where those jobs are located, and where they can be located, given Boston’s land and zoning constraints.

Profiles of the Back Streets Districts

Turning to the designated districts themselves, the BCG/ICIC back-up report mentioned above — the “Profile of Eight Industrial Districts” — offers basic economic information for each of the districts and tries to tease out the various “issues and opportunities” within those districts. These analyses, according to its authors, are designed to “drive customer-focused strategic thinking and program design and planning” by the city.

Among the summary findings — some of which were included in the August 24, 2001, report to the Mayor — are the following:

- Commercial services employ approximately 14,000 within the Back Streets districts, the highest among the industries surveyed. Included in the report’s definition of commercial services are auto services, miscellaneous repair services, amusement and recreation services, social services, business services, and a category labeled “engineering, accounting, research, and related services.” Because the analysis was done according to SIC codes, presumably this last category includes firms of all sizes.
- Figures for the other industries include 11,000 for manufacturing; 9,000 for wholesale trade and 3,000 for food processing and importing; and 5,000 each for logistics and construction.
- Of the businesses located within the Back Streets districts, 41% are in commercial services; 25% are in wholesale trade and 5% in food processing and importing; 11% are in logistics; 10% are in construction; and 8% are in manufacturing.
- Significant residential price increases are increasing the pressure to convert industrially-zoned lands for commercial and residential opportunities.

Regarding each of the individual districts, the report places them in their historical and spatial contexts, sets forth what it terms their “unique
characteristics,” and articulates, where appropriate, a set of potential program opportunities in support of the Back Streets initiative. Tables 3-1 and 3-2 below and on the following pages, which are drawn from the BCG/ICIC reports, summarize (1) the total number of employees by industry sector and (2) the number of businesses and number of employees by district, as well as percentage employment by sector.\footnote{15}

From the data at hand, clearly not all districts are alike. If, for example, two of them — Newmarket, with its politically active Newmarket Business Association, and South Boston, which includes the Marine Industrial Park — contain approximately two-thirds of all the identified jobs, where should Back Streets, as currently constituted, be focusing its energies to achieve the greatest return? But without a more confident set of spatial numbers, suggestions are just that, with differences only in the degree to which they are tentative. Again, the overall objective of conserving a diverse job base is inarguable. The “how,” in large measure, is going to depend on what we come to understand to be the scale of the undertaking, and where the city recognizes its true, long-term interests lie.

### Table 3-1: Back Streets Districts’ Businesses and Employees By Industry Sector

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Businesses</th>
<th>Employees</th>
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</thead>
<tbody>
<tr>
<td>Commercial Services</td>
<td>1,239</td>
<td>14,000</td>
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<tr>
<td>Manufacturing</td>
<td>240</td>
<td>11,000</td>
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<tr>
<td>Wholesale Trade</td>
<td>757</td>
<td>9,000</td>
</tr>
<tr>
<td>Logistics</td>
<td>319</td>
<td>5,000</td>
</tr>
<tr>
<td>Construction</td>
<td>317</td>
<td>5,000</td>
</tr>
<tr>
<td>Food Processing and Importing</td>
<td>158</td>
<td>3,000</td>
</tr>
</tbody>
</table>

\footnote{15 For more detailed information on each of the districts, see Appendix A.}
<table>
<thead>
<tr>
<th></th>
<th>Businesses</th>
<th>Employees</th>
<th>Employment by Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Newmarket</strong></td>
<td>1,049</td>
<td>16,000</td>
<td>Commercial Services: 27%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Manufacturing: 26%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale Trade: 22%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 14%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Construction: 7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics: 3%</td>
</tr>
<tr>
<td><strong>South Boston</strong></td>
<td>874</td>
<td>15,000</td>
<td>Commercial Services: 34%</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>Manufacturing: 29%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Construction: 12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale Trade: 11%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics: 8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 7%</td>
</tr>
<tr>
<td><strong>Allston/Brighton</strong></td>
<td>390</td>
<td>7,000</td>
<td>Commercial Services: 32%</td>
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<td></td>
<td></td>
<td></td>
<td>Manufacturing: 24%</td>
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<td></td>
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<td></td>
<td>Construction: 12%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics: 6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 1%</td>
</tr>
<tr>
<td><strong>Jamaica Plain</strong></td>
<td>303</td>
<td>2,000</td>
<td>Commercial Services: 59%</td>
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<td></td>
<td></td>
<td></td>
<td>Wholesale Trade: 27%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Construction: 6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics: 5%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Manufacturing: 3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food: 0%</td>
</tr>
<tr>
<td><strong>Charlestown</strong></td>
<td>117</td>
<td>2,000</td>
<td>Wholesale Trade: 29%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commercial Services: 28%</td>
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<tr>
<td></td>
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<td></td>
<td>Manufacturing: 17%</td>
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<td></td>
<td>Logistics: 15%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Construction: 6%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 5%</td>
</tr>
<tr>
<td><strong>Hyde Park</strong></td>
<td>108</td>
<td>2,000</td>
<td>Logistics: 43%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Construction: 19%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale Trade: 16%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Manufacturing: 12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commercial Services: 9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 1%</td>
</tr>
<tr>
<td><strong>Neponset</strong></td>
<td>102</td>
<td>2,000</td>
<td>Commercial Services: 44%</td>
</tr>
<tr>
<td>(Dorchester)</td>
<td></td>
<td></td>
<td>Construction: 16%</td>
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<td></td>
<td></td>
<td></td>
<td>Food Processing: 15%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Manufacturing: 9%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale Trade: 9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics: 8%</td>
</tr>
<tr>
<td><strong>East Boston</strong></td>
<td>88</td>
<td>2,000</td>
<td>Logistics: 73%</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>Commercial Services: 14%</td>
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<td></td>
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<td></td>
<td>Wholesale Trade: 11%</td>
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<td></td>
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<td>Construction: 2%</td>
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<td></td>
<td></td>
<td></td>
<td>Manufacturing: 1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food Processing: 0%</td>
</tr>
</tbody>
</table>
Back Streets Beyond the Numbers
Moving more into the qualitative zone, BCG in 2001 administered a series of focus groups for the BRA, aimed at garnering more qualitative information both on the challenges faced by Back Streets-type businesses and on the overall scheme for the Back Streets initiative. Regarding the challenges, participants overall lauded the city’s efforts to increase financial and technical assistance, while expressing concern regarding zoning pressures in general and the availability of land in a tight market.

A number of conversations between the author and Back Streets business owners and senior managers, conducted after the November 2001 launch, expanded on these conclusions while providing additional insights (some perhaps unintended) into the ways in which the initiative is being implemented.

BACK STREETS: WHO KNEW?
First, it rapidly became apparent that knowledge about Back Streets was confined to businesses situated either in Newmarket, the Marine Industrial Park, or (in one case) the Alsen-Mapes industrial park in Dorchester. These amounted to 11 of the 21 firms surveyed. For the remaining ten, these conversations constituted their first encounter with the initiative. It should be noted that, in all cases, the firms contacted were taken directly from BCG/ICIC’s set of district analyses; there, the researchers had included for each district a chart containing the “Top 15 Business Profiles.” Given the size of the Newmarket and the MIP districts, as well as the fact that the initiative’s launch was held in Newmarket, a relatively high level of awareness was not surprising. (Most of the brief case histories included in the launch materials refer to businesses located in either the Newmarket area or the MIP.) In should also be noted that, as of April 2002, the BRA had been able to hire one of the three proposed District Business Managers to handle what was rapidly becoming an avalanche of requests for assistance from the targeted businesses.16

16 Interview with Charlie Walsh, BRA (March 8, 2002).
On the other hand, given the city’s desire to gain and sustain credibility among such businesses throughout the city, the general ignorance regarding the initiative was somewhat surprising and underscores the active (versus reactive) marketing challenge facing the BRA as it proceeds through the initiative’s implementation. One company located in Charlestown, in addition to not having heard of Back Streets, in general felt it had “no idea what the city’s plans are for the area.” The company, which has been at its current location for 14 years, is immediately adjacent to the one-million-square-foot Hood office park; rumors had been rampant up until late 2000 regarding the site’s redevelopment as office space.17

Admittedly, Back Streets at the time of the launch was in its earliest stages of articulation; nevertheless, the launch strategy needed to have incorporated, at a minimum and in some fashion, at least the 120 firms identified through the BCG/ICIC research and to have enlisted them explicitly as would-be partners in the drive toward (or the revival of) an achievable and believable economic development policy.

BACK STREETS AND COMPETING INTERESTS

Second, even among those businesses aware of the Back Streets effort, there was a notable degree of skepticism regarding the city’s ability to live up to its goal of “no net loss of industrial space.” In principle, the possibility of a single line of communication between business owners and the city functions that affect them was seen as essential and impossible to criticize. Even there, however, Joe Cefalo, head of the Boston Flower Exchange and President of the Newmarket Business Association, noted that the idea of one-stop shopping has been attempted before, through the Mayor’s Office of Business Development. (There was broad agreement that navigating the city bureaucracy remains, for many of these businesses, a headache-producing activity.18) Assuming a greater degree of success of such an effort through Back Streets, Cefalo nevertheless underscored

17 Interview with Leslie Saltzberg, Charles River Publishing (January 10, 2002).
the critical importance of a collaborative structure across city agencies that would make possible the reality of a single point of contact. Such a structure would enable the city to respond coherently to issues affecting the small industrial businesses. 19

In addition, according to Cefalo and others, if there is to be "no net loss of industrial space," there needs to be a fundamental enforcement of zoning regulations. 20 The Newmarket Business Association, for example, adamantly continues to promote the defining proposition of the Newmarket area: it functions — and, in their estimation, must continue to function — under the I2, or General Industrial, designation. Furthermore, even though the zoning permits an increased density through a higher floor-area-ratio, the Newmarket businesses are adamantly against any kind of vertical increases, given the generally low-tech nature of these firms. For the NBA, this is particularly critical given the 2002 rezoning of Dorchester as a whole, in which most of the designated manufacturing zones have been modified to "conditional usage."

As of early 2002 there was a case-in-point, where a developer presented plans for a competing, and seemingly non-conforming, use that calls for a 20-plus story office tower to be situated on a parcel immediately adjacent to the current Flower Market — a parcel that the Market itself is aiming to develop for a needed expansion. With its proximity to the Boston Medical Center, the tower is designed to serve the various biotechnology- and health-care-related businesses that, it is hoped, will become part of a major center for biotechnology research called "Biotech Square." As such, it is certainly of a piece with an economic development strategy that builds on Boston's "new economy" strengths. In this

19 Interview with Joe Cefalo, January 11, 2002. Cefalo and his Newmarket Business Association have been active participants in negotiations with the city around planning projects for the Newmarket district; the Flower Exchange was, of course, the site of the Back Streets launch. In his remarks, Cefalo wondered over the absence of any actions taken by the city since the launch, even though that had taken place only two months prior.
instance, however, it remains to be seen how the city will keep to its promise of retaining industrial land while affording mutual gains to the Back Streets economy and the “new economy.”

(There is the potential for a comparable situation in Charlestown, where biotechnology is seen as a kind of “invading industry,” given the neighborhood’s proximity to Cambridge’s Kendall Square with its cluster of biotechnology companies.²¹)

Further complicating the city’s desire to protect these businesses are the actions of individual property owners “reaching for highest and best uses,”²² and thereby exacerbating the more general problem of lack of available land, whether for industrial development or for expansion.²³ The former issue — as well as a window into how, at least in this instance, Back Streets can work when the appropriate resources are put in play — was underscored by the circumstances surrounding Barry Controls, a French-owned company located in Allston-Brighton and employing approximately 350 people. Having first heard of Back Streets through a conversation with the author, the company president discussed his current plight: With the property owner envisioning a change from industrial usage to office park, the company was under pressure from a proposed rent increase sufficiently extreme to force it to consider moving not only out of the city but quite possibly out of the state.²⁴ When the situation was brought to the attention of the city’s economic development office, its representative contacted Barry Controls and was able to propose what appears to be (as of late winter 2002) an appropriate alternative in the Hyde Park Back Streets district.

Beyond reinforcing the already-stated requirement that the city needs to disseminate as rapidly and as broadly as possible its stance regarding Back Streets, the Barry Controls case implies the need for carefully distinguishing

²¹ Interview with Leslie Saltzberg, op.cit.
²² Interviews with Joel Miller, Al Lovata,
²³ Interviews with Joel Mello, Mello Fuel (January 14, 2002); Trish Karter, Dancing Deer (January 30, 2002); Bob Botelho, Hi-Lo Foods (February 8, 2002).
²⁴ Interview with Dan Yurovich, Barry Controls (January 8, 2002).
among the Back Streets districts to see which businesses are vulnerable to development pressures and which might benefit from a joint effort to relocate to one or another of the more relatively stable districts. (Further discussion of this point can be found in Chapter 5.)

**BACK STREETS AND HOUSING**

In his comments, the Flower Exchange's Cefalo also linked the issue of business retention to that of affordable housing and the degree to which availability of the latter affects the employee base for these businesses.\(^{25}\) Of course, the knotty problem of affordable housing in Boston goes beyond Back Streets.

Nevertheless, the question remains as to whether it is possible to craft a multi-layered economic development strategy whose outlines include parallel efforts in business retention and an increase in affordable housing. At this point the BRA is beginning to look at what sorts of links are feasible and how these seemingly conflicting priorities can be accommodated to meet the city's housing needs without necessarily having to convert much of the old, underutilized industrial space into apartments, artists' lofts, etc. As for the Department of Neighborhood Development, there is nothing specifically in place that ties to Back Streets.\(^{26}\)

The Boston Housing Authority, while focusing its resources and attention on "improving the quality of the housing it delivers," nevertheless acknowledges at least an indirect link with Back Streets. Beyond that, according to one of its managers, "certainly stronger links could be made to our developments and residents in terms of the program because we do have many sites nearby — but to date that deliberate link does not exist....We have a large non-working population (which might suggest the need for a stronger link to Back Streets, but again, as of today, that does not exist)."\(^{27}\)

\(^{25}\) This point was also made by Gary Blanken, Dutch Maid Bakery (January 4, 2002).

\(^{26}\) Interview with Kevin McCall, DND (January 11, 2002).

\(^{27}\) Correspondence from Kate Bennett, Boston Housing Authority (January 14, 2002).
OTHER ECONOMIC DEVELOPMENT STAKEHOLDERS: CITY AND STATE

Virtually no one discounted (or admitted to discounting) the central Back Streets idea: maintaining a diverse business base within the city. But while endorsing the overall thrust of the initiative, certain city- and state-wide organizations identified the existing and future battles as well as those who must carry the banner. According to the Greater Boston Chamber of Commerce, a firm supporter of the initiative, some of the remaining industrial areas may still come under pressure even as new parts of the city are made available for commercial activity (e.g., the South Boston waterfront). From the perspective of Associated Industries of Massachusetts, not only are small- and medium-sized businesses being priced out of the market, but many of the businesses are resource-constrained to the point of being unable on their own to deal with the city bureaucracy or to investigate options for relocation and/or expansion on their own. Back Streets' stated active (rather than reactive) "monitoring of conditions within the industrial areas" is absolutely necessary for the city to achieve its desired goals. But beyond any individual component is the need for demonstrating strong political will, especially in the face of competing interests, if Back Streets is to garner and maintain credibility over the long run.

For a hint of the balancing act that Back Streets will have to undertake in the name of credibility, an article that ran in Boston Globe only eight days after the official launch was almost too neat in its distillation of the challenge (and, one might add, in its timing). Headlined "Firms being forced out say city offering little aid, despite Back Streets program," the piece presented the cases of two Back Streets-type businesses that, through development pressures, were being forced to move and, at the same time, receiving no help from the city in their efforts to remain. In a kind of he-said-she-said reply, city officials noted that, in fact, help had been forthcoming. In the final analysis, according to a quote in the article from the director of the BRA's Department of Economic Development, "we recognize that these kinds of development pressures are happening and our

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28 Interview with James Klocke, GBCC (January 24, 2002).
goal is to allow the market to do what it's going to do, but we want to make sure we are respectful to the long history of these businesses and we understand the importance of having them nearby."\(^{30}\)

LOCAL STAKEHOLDERS IN ECONOMIC DEVELOPMENT

The role of local community development corporations, as they continue to expand their portfolios by undertaking commercial as well as housing initiatives, must be considered an important component of the larger economic development picture. As long ago as the mid-1960s, a survey by the National Congress for Community Economic Development found that "the estimated 2,000 to 2,200 CDCs around the country have already ... developed 23 million square feet of commercial and industrial space, lent $200 million to minority business enterprises, and created perhaps 67,000 full time jobs (not counting temporary construction employment)."\(^{31}\) Supporting that kind of enterprise is, in the words of the article reporting on the study "collaborative networking across the boundaries of neighborhood, city, region and state."\(^{32}\)

Although not precisely overlapping Back Streets' jurisdictions, their efforts of these local organizations (which would include the Boston Main Streets programs, and their focus on commercial revitalization) in the areas of technical assistance, job training, and business development can at least be considered complementary, if not directly linked, to Back Streets' goals. Thus, for example, the Community Business Network, which is run through the Massachusetts Association of CDCs and which is composed of ten of the Boston-area CDCs, provides technical assistance to small entrepreneurs representing Main Streets-

\(^{29}\) Interview with Brian Gilmore (January 10, 2002). The need for demonstrable political muscle behind this kind of effort was made clear in interviews with members of the St. Paul Area Economic Development Partnership (see Chapter 4).


\(^{31}\) Bennett Harrison, et al., "National, Regional, and Local Economic Development Policy" (1966), p. 43

\(^{32}\) Ibid., p. 39.
type companies. As an example of business development, Roxbury’s Nuestra Communidad, with the help of state, federal, and foundation funding, has created an incubator for start-up catering businesses through development of a shared community kitchen.

The Dorchester Bay Economic Development Corporation’s so-called Bay Street project, which is to house a high-tech printing concern, affords a model for collaboration between the city and local development entities. In this case the model is built on the marriage of complementary assets: with the site and its building having been acquired by DBEDC, the BRA was able to work with the Corporation to provide suitable space to a company that had approached the BRA for assistance. At the same time, the DBEDC worked with the community to make sure its concerns were integrated into the final plans for and disposition of the project. However, this collaborative aspects of this project are seen by DBEDC as more or less a one-off phenomenon in the face of a dearth of other such efforts initiated by the city.

Just as the solo efforts of a locally-based development entity are necessary but not sufficient, so too are the efforts of a single city-wide agency operating without benefit of a neighborhood’s immediate, on-the-ground knowledge about its assets. Those assets — which are social as well as financial — can, if managed well, become major contributors to the success of the city’s overall efforts at economic development. The social capital leveraged by DBEDC in the development of the Bay Street project increases capacity at all levels, local or citywide.

Community groups are carrying out these business development initiatives fully aware of the pressures on neighborhoods for transformation of industrial space to other uses. There is, therefore, serious interest in and support for (though

33 Interviews with Joe Kriesberg and Latifa Ziyad, MACDC (January 23, 2002). Although the CBN is included in the Back Streets materials as one of several workforce development entities, the MACDC representatives were unaware of the program at the time of this conversation.

34 Interview with Michael Kerlin, Nuestra Communidad (January 10, 2002).

35 Interview with Betsy Miesner, DBEDC (March 8, 2002).
varying degrees of awareness about) Back Streets' announced efforts to hold the line on zoning variances, for example, particularly within the industrial areas that have seen numerous conversions of old industrial space into other uses.37 Insofar as the community development corporations or community associations have the same interests ("I want jobs in my neighborhood") as the city at large ("We want jobs in the neighborhoods for the neighborhoods"), the challenge becomes — in the case of Back Streets — that of forging an active, explicit "coalition" among the entities that comprise the city's economic development nexus.

Moving Toward Back Streets: Lessons Learned From EDIC
The last several sections were designed to provide a glimpse into how the initiative is being perceived on the ground; to identify some of the competing interests with which the initiative must contend; and to surface certain complementary institutions that together might provide the basis for an integrated economic development agenda. At this point another visit to the EDIC story provides additional components for enhancement of the Back Streets effort.

THE EDIC, BOSTON BUSINESSES, AND BOSTON JOBS
It goes without saying that there is a difference between wanting to save particular kinds of businesses in Boston and wanting to preserve — if not expand — employment possibilities for residents of Boston. A more promising strategy for economic development is, arguably, one that is based on careful responses to the question, "Where are — and where will be — the economic opportunities for Boston residents?"38 And those entrusted to provide responses will need to look at the full spectrum of Boston's businesses. The fact of Boston's shift to a knowledge-based economy does not — or at least need not — preclude a rich set of employment opportunities, as Boston's unemployment figures (see page 16) make eminently clear.

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37 Interviews with Bob Van Meter and Joanne McKenna, Allston-Brighton CDC (January 2, 2002).
EDIC's success in developing the Marine Industrial Park was, as we've seen and heard, an example of the Corporation at its "entrepreneurial" best. Shortly thereafter, the Corporation began to broaden its mission to look at smaller neighborhood areas, such as Alsen-Mapes, that might provide opportunities for industrial development while remaining sensitive to surrounding residential uses. There was, as well, a research capability within the Corporation aimed at identifying appropriate non-traditional industrial/blue-collar businesses that could be included within EDIC's jurisdiction. According to one ex-senior staffer with the EDIC, in the early 80's Boston had the best of both worlds, with downtown development and industrial development (what might now be called Back Streets development) proceeding energetically along parallel tracks. One might even say there was (or appeared to be) a coordinated economic development plan, a piece of which included the "Boston Jobs" program mentioned earlier. Overall the activities of the Corporation seemed to reflect all aspects of Boston's economy, with "Boston's network of educational and research institutions, industrial concerns, and financial institutions [creating] a fertile environment for the generation of new firms and industries."39

Both tactically and strategically, then, the EDIC was most definitely operating in fulfillment of its mission. Soon, however, with the Corporation's autonomy lessened, if not totally eradicated, through the merger with the BRA, the breadth of the EDIC's activities shrank dramatically. Looked at in hindsight, particularly by EDIC veterans, and even discounting the nostalgia effect, EDIC is seen eventually to have lost its edge and to have become, as one observer put it, more of a real estate manager than a proponent for Boston's industrial base, however broadly defined.41 The "one economic development agency" — the merger's

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39 This question was suggested by Jerry Rubin, ex-Deputy Director, EDIC, currently with Jobs for the Future (Interview March 5, 2002).  
39 Interview with Doug Herberich, ex-Director of Development, EDIC, currently Transit Realty Associates (March 7, 2002).  
41 Ehrlich makes an interesting point regarding the EDIC and the garment industry and the latter's attempts to contain expansion of the Tufts New England Medical Center. He notes that "EDIC effectively mobilized community power, but did not foster community development."
stated justification — continued to pursue downtown projects, with more and more industrial space being turned over to housing, retail, and other uses. Whether a continuously invigorated EDIC could have forestalled the loss of this space is, as we’ve seen, an open question. What appears not to be open to question is the conspicuous lack of any coordinated strategy that would bring together the pieces of Boston’s economic development puzzle to create a kind of economic development master plan.

The EDIC report on the “State of New England’s Economy in ‘93” — the year of the merger — seems to be urging just such an approach, with its concurrent call for support of emerging industries and for retention of basic manufacturing firms. The authors provide an operational context for this approach by contending, earlier in the report, that “many issues regarding the long term economic strength of the region need to be addressed from the viewpoint of public policy action as well as the role cities and metropolitan areas can play in regional economic development. The cities will have to hone their economic and financial strengths and tailor their economic development policies in a competitive fashion to act as entrepreneurs, but within a cooperative regional framework [emphasis added].” Thus, again, the reference to a regional model; and thus a recognition that in order to satisfy the requirements of the “new economy” as well as the imperatives of the older economy, public policy needed to think outside the box, and certainly outside the city’s tight geographical boundaries.

A Regional Approach to Economic Development
In The Walsh Report — also published in 1993, and which served to explain the basis for the BRA/EDIC merger — the same sentiment is expressed, perhaps even more forcefully:

Both the community groups and the agency missed the opportunity to increase grassroots involvement in the city’s economic development” (p. 90). One wonders whether EDIC could have withstood the merger had there been more political support within the community at large.

Interview with Don Walsh, ex-EDIC, currently with N*Star (January 8, 2002).

See quote on page 32.

Boston cannot grow its economy alone. The City's economic growth is interdependent with the growth of surrounding communities — and building on the skills, resources, and talents of surrounding communities can be part of Boston's strength.

... The [Walsh] Commission believes that this concept or others that emphasize regional strategies and solutions are not only in the best interest of Boston, but are also in the best interest of the Commonwealth.45

One of Boston's most complex initiatives — the so-called Urban Ring — in fact reflects the kind of regional outlook put forth in the Walsh Report. Approximately 15 miles long, the Ring essentially at its completion will have created a cross-town, multi-modal transportation corridor linking portions of Chelsea, Everett, Somerville, Cambridge, Brookline, and Boston. According to the Urban Ring Major Investment Study Final Report (July 2001), "the Corridor is growing faster than the regional average and will contain over 314,000 residents and over 360,000 jobs by the year 2025." The Boston-based Conservation Law Foundation suggested in 2001 that "the Urban Ring could also transform the way Boston, the urban core, and eastern Massachusetts grow and develop. In the Ring's cities and neighborhoods, new housing, jobs, and businesses will cluster near the new transit stations. Even without the Ring, 12-14 million square feet of new development is projected for areas within walking distance of Ring stations by 2020."

Given's Boston's vision of the Urban Ring as an economic engine, in terms of both employment and new business development, the logic of including it in the deliberations around Back Streets appears inescapable. And regardless of whether Back Streets can (or even should) be specifically included in the roll-out of the Urban Ring, the latter's partnership characteristics nevertheless provide the potential for more easily accommodating — or at least thinking about how to accommodate — the conditions that define the Back Streets businesses and

districts. In the end, such an analysis will simply reflect the theme of regionalism articulated in the Back Streets promotional literature (see page 2), as well as in various EDIC reports referenced above.

**Summary: Expanding the Horizon**

This chapter has been an effort not only to describe the components of the Back Streets initiative, but to show various forms of economic development partnering and the gains to be realized in efforts to mitigate problems of competing interests, land constraints, the need for affordable housing, etc.

Even more, however, this chapter has tried to focus on the city’s need essentially to follow through on the implications of the Back Streets initiative by linking it to what has already been set in motion by various economic actors and actions within the city and within the region. The neighborhoods, the districts — these are the collective nucleus of a strategy that can and should be institutionally and spatially more coherent, more integrated, more wide-ranging, and, ultimately, more beneficial to the city, its residents, and the political requirements of its leadership.

Put another way, we have attempted to underscore the importance of a wider vision along three dimensions:

- Within the city agency regarding not only the objective, but the subject of that objective (what is it? where is it?);
- Between the city and its stakeholders (what is it? where do I fit in?)
- Among the various pages of the city’s economic development playbook (what is it in relation to other initiatives and other municipal institutions?)

Restated yet again, this last dimension requires of the city an overall economic development strategy, of which Back Streets — however finally determined — is a piece.

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Differing political agendas, of course, are not to be discounted, nor the sets of competing interests that potentially lead to separate — and not necessarily parallel — definitions of economic benefits. The fact, however, that the Urban Ring project reflects a Compact whose signatories are the political leaders of six communities, including Boston’s, suggests that acting on this kind of broad-gauged view is not impossible. Certainly the earlier EDIC rhetoric as well as its reports from the early 1990s speak to the necessity of considering a dynamic “network” of economic development entities — intra-urban as well as inter-urban — in crafting economic policy. And considered within that network, the businesses and jobs that have been — or that should be — labeled “Back Streets,” as well as the rest of the city’s economic underpinnings, quite possibly increase in viability and durability.

What’s Next
The next chapter will look at several other cities and their approaches to economic development and business retention. These cities are admittedly different from Boston, whether in overall economic health, in the extent of competing economic pressures, or even in the amount of available land. At the same time, they provide insights not only around policy formulation but around successful policy implementation as a function of organizational design. In our discussions so far, we’ve not really looked at internal structures and their affect on policy; to varying degrees, these cities will give us the chance to do so.
CHAPTER 4
Organizational Structure, Implementation, and Service Delivery:
Four Other Cities and Their Practices

An Overview of the Cases
The Boston Consulting Group/ICIC's efforts on behalf of the Back Streets project included an August 2001 Benchmarking Study in which they reported on industrial development goals and approaches, as well as organizational structures, primarily in Baltimore, Philadelphia, and Cleveland. A fourth case — San Francisco — was deemed less instructive (the survey took place before the dot-com meltdown) because of what was found to be a distinct lack of interest in traditional industrial development combined with a high degree of gentrification pressure.¹

The study produced lists of tactics applied by each of the three cities in question to such areas as land use; financing packages and incentives; and workforce development initiatives. A flavor of the benchmarking team's overall findings can be found in the following, taken from the Summary page:

- Regarding land use: "In order to retain industrial land, financial incentives and zoning were most commonly used measures."
- Regarding financial incentives: "Cities offer a variety of financial incentives for businesses, which include a combination of tax credits, loans, and bonds. Commonly used financing tools include Empowerment and Enterprise Zone incentives, which encourage the revitalization of and reinvestment [in] distressed areas."
- Regarding workforce development: "Generally, economic development organizations do not get directly involved in offering workforce development programs. Their involvement is typically limited to partnerships with other organizations to aid in the development of programs."

¹ The Director of Economic Development with the San Francisco Partnership was quoted as saying "manufacturing is a sacred cow. It's considered more important than it deserves. People can't articulate why they want it."
Though modestly suggestive (not to say self-evident) and, in some of the detailed back-up, perhaps useful as a catalog of different kinds of zoning incentives, for example, or funding sources, the study — with one exception — did not seem to get at the real implications of its findings.

That exception, buried on page 18, stated that “cities appear to be migrating towards a more integrated, holistic [community-based] approach [to] economic development.” In support of its contention, the report quoted Christopher Warren, Cleveland’s Director of Department of Economic Development, as asserting that

In the “old” model, the economic development department was an adjunct to the mayor’s office. Essentially, it was created as an urban development arm that packaged federal money into subsidies to promote job retention and attraction….In the early to mid-90s, the mission and focus of the department shifted. The mission of the department is to encourage commerce and increase jobs within the city. Namely, we’re doing this through partnerships with community-based organizations.

Although the report did not go on to suggest how — or whether — Boston might undertake such an effort, the idea of an “integrated, holistic” approach provided sufficient resonance to prompt a further look at Cleveland and a new look at three other cities, all of which represent different takes on the idea of an integrated approach to economic development. Particularly given what we’ve seen as the contending development forces in Boston vying for economic primacy, as well as the need for outreach and cross-agency interaction, it seemed appropriate to move from a more general benchmarking study to a look at other practices as represented by the organizational structure and implementation of such programs.

Although different in fundamental ways from the Boston situation, particularly regarding land constraints and the pressure from competing uses, the cities investigated do offer a number of programmatic and implementation ideas — particularly around outreach and cross-agency interaction. This chapter will, as we’ve said, revisit Cleveland to investigate more deeply the means by which that
city has deployed its economic development strategy. In addition, it will review the programmatic and organizational strategies designed to promote industrial business development and retention in three other cities — Kansas City, Seattle, and St. Paul. In each case, what looms as most interesting are not so much the individual policies as the structures and networks within which those policies are being implemented. Of equal interest, at least in the case of St. Paul, is the role played by political leaders in both crafting and providing continuous support to those structures. For Boston, the lessons to be learned are indeed in the area of institutional arrangements and partnerships: What are the intra- and inter-agency organizational imperatives for an economic development policy that effectively reflects multiple interests and policy requirements?

CASE #1: CLEVELAND

Its Business Retention Model and Services

Cleveland’s business retention strategy goes by the name of CIRI — the Cleveland Industrial Retention Initiative — and is administered on behalf of the city by the Cleveland Neighborhood Development Corporation, an association of some 40-50 community development corporations. As an independent program within the city, CIRI, according to its promotional literature, “combines the efforts of community development organizations, business associations, City, County and State government, and private industry representatives,” all of whom “are committed to ensuring the long-term economic health of Cleveland’s industrial base.” This multi-party approach to industrial retention is reflected in CIRI’s relationship to the neighborhoods and businesses it services, and in the way in which its field representatives operationalize that relationship.

CIRI and the Regions

For those representatives, CIRI has organized the city into five “industrial planning regions,” each served by a representative whose job is to focus on the specific business concerns within his or her jurisdiction. These concerns might involve what are referred to as “outside issues,” such as lease expiration, police response, infrastructure improvements, and general neighborhood conditions and relations. Broader issues of this sort are brought to “CIRI partnerships
between City departments and community development organizations.” “Inside issues,” too, such as technology planning and deployment, plant layout, financing, capital improvements, and workforce training and development are addressed by “CIRI resource organizations” such as the Unified Technologies Center. Furthermore, field representatives conduct site visits each year with “one-third of Cleveland’s nearly 2,000 manufacturers.” In short, the representatives play an intermediary role vis-a-vis the local businesses, activating pre-existing partnerships where and when appropriate and keeping information flowing based on the needs of the various stakeholders.

This emphasis on collaboration is further manifested in the manner in which the field representatives are deployed. Rather than working out of the city’s Department of Economic Development (as is the plan for Boston), each of the representatives is located at one of the community development corporations in each region. This local presence allows for rapid response to what the CIRI manager has called economic development “externalities”: that is, safety, image, small scale infrastructure needs, etc.²

These representatives are usually hired immediately after graduation from local area university urban planning programs or after a year or two of experience as, for example, a junior bank loan officer or a staff member of one of the local community development corporations. There is, in any event, a strong emphasis on “in-country” — or, more precisely, “in-district” — knowledge and on leveraging where possible that knowledge and capacity for the sake of the larger economic whole.

We’ve already made note at several points of one of the “linchpins” of the Boston program (see page 39), according to its promotional materials — the appointment of a team of three “District Business Managers whose job it will be to monitor conditions in their assigned industrial areas.” (For further discussion of the District Business Managers, see page 94.) It remains to be seen whether that

² Interview with Bob Bertsch (March 18, 2002).
monitoring function will expand to incorporate value-added aspects of the “business intermediary” model that Cleveland has established. As for the question of where to house its District Business Managers, Boston seems to have answered in favor of City Hall.

**CIRI as a Conduit**

With major funding provided by the city (along with some support from foundation grants), CIRI provides neighborhood-specific information that enables the city, through its Department of Economic Development, to target more precisely its business assistance efforts. (In the words of the BCG/ICIC study, “by acting as the ears of the city, CIRI helps steer the Department of Economic Development’ programs and planning.”) Among these efforts are:

- Marketing loan programs to the business and the lending community as viable sources of fixed asset financing;
- Packaging low interest long term loans and tax incentives to businesses;
- Packaging loans and grants to local development corporations to support for-profit neighborhood development;
- Securing federal funds for commercial lending;
- Utilizing the Cleveland Citywide Development Corporation to review proposed development projects.
- Coordinating small business assistance groups;
- Organizing local neighborhood based retention and expansion plans.

As an example of district-specific activities feeding into the larger economic development picture, one can turn to CIRI’s Region V, which comprises the city’s west side and its 700 manufacturing-related businesses. There, three neighborhood development organizations got together in 1988 to create something called the Westside Industrial Retention and Expansion Network, or WIRE-Net. The Network’s mission is “to retain, grow and attract industrial and related employers and to engage them as stakeholders in the community.” In

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language that could be taken from the Back Streets materials (but is in fact from WIRE-Net’s website),

WIRE-Net saw that neighborhood-manufacturing companies that provided about 60 percent of the community’s jobs — mostly with fewer than 100 employees — had been overlooked and under appreciated as tools for building stronger neighborhoods. WIRE-Net’s task became to build a comprehensive economic development approach that would work at the real-world level to retain and grow west side manufacturers.

With 150 members, WIRE-Net’s activities also include workforce development and job training; expansion and relocation projects for individual companies; and community investment and redevelopment, including infrastructure investment, building modernization, and brownfield redevelopment.

It would be difficult to imagine WIRE-Net not playing a role in and contributing capacity to Cleveland’s overall economic development policy planning and implementation. And, in fact, according to Brian Dedrick, of Cleveland’s Department of Economic Development, there is a high degree of cooperation between the city and the CIRI regions on issues affecting economic development, which has redounded to the advantage of both.⁴

One must acknowledge that the context surrounding Cleveland’s business retention strategy differs in one major respect from Boston’s: There is no shortage of land on which to build or expand. A contributing factor is the city’s aggressive policy toward the rapid conversion of brownfield sites, which, once cleared, are placed under the city’s control and passed on to businesses needing to expand.⁵ But overall, as noted in the BCG/ICIC report, “because [the city’s] manufacturing base is still very strong, [the city] promotes any use. The

⁴ Interview with Brian Dedrick, Business Retention/Expansion Officer, Cleveland Department of Economic Development (March 14, 2002).
⁵ Interview with Kevin Schmotzer, Manager, Business Retention, Cleveland Department of Economic Development (January 17, 2002).
industrial base hasn’t declined so much that [Cleveland has] needed to put the brakes on residential development. It hasn’t come to that yet.”

Although questions around land use unquestionably affect policy design and priorities, we’re still left with an approach to policy implementation that cuts across those questions — and that, in fact, might serve to mitigate some of the contentiousness surrounding those questions. The point to be underscored here is the way in which Cleveland has opted for an economic development implementation model based on a decentralized view of institutional and organizational assets and on an equally decentralized view of how best to activate and cohere those assets. For Boston the take-away may not be so much in the area of, for example, new funding mechanisms as in this goal of identifying and then creating an effective, visible “cohort” through which sustainable, mutually beneficial economic development can be achieved.

CASE # 2: SEATTLE

Its Business Retention Model and Services

In language that echoes the CIRI example (and that reflects the viewpoint of Cleveland’s economic development director), Seattle’s Office of Economic Development describes its approach to economic development in terms it labels “Building the Community”:

The office works chiefly through partnerships with community-based organizations, community lending institutions, community colleges, individual businesses and business organizations. By providing funding and organizational support to local organizations serving Seattle’s many communities the office leverages its resources and accesses the talents and capacities of many people to maintain and enhance our city’s economic health.7

The city’s overall economic development goals are couched within this same combined emphasis on community and partnership:

- Retain and expand Seattle’s family-wage business sectors and encourage small business development;
- Increase the percentage of working-age adults who find and retain family-wage employment — with special emphasis on people of color, women, and people with disabilities;
- Strengthen neighborhood business districts and support community-based economic development across Seattle — with special emphasis on low-income communities;
- Improve customer satisfaction for businesses accessing City services.⁶

**Seattle’s Neighborhood Business Districts**

A Neighborhood Business District Program supports the third of these goals — strengthening neighborhood business districts. The Program’s components include:

- Support for the Neighborhood Business Council, a private, non-profit organization assisting neighborhood chambers of commerce, merchant, and business associations “to improve the business climate and quality of life in Seattle’s neighborhoods.”⁹
- Maintenance of Business Improvement Areas, described as “special assessment districts that are established to revitalize and enhance neighborhood business districts.” As with Business Improvement Districts, the BIAs serve as a “neighborhood or business community effort to remain competitive in the marketplace” by funding improvements and services that maintain and improve the overall viability of business districts.
- Collaboration with other city departments, the State, and the National Main Streets Center to “problem solve and provide tools for neighborhood business districts and organizational to succeed.”
- Funding for façade improvement programs.

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⁶ Ibid.
Collaboration with the Neighborhood Business Council on the development and presentation of workshops “to enhance the organizational capacity of neighborhood business district organizations.”

In addition, the Economic Development office helps to fund such programs as the Seattle Jobs Initiative (a workforce development program); Neighborhood Business District Support (providing assistance to more than three dozen neighborhood business districts and to community development corporations); business development programs (including an Environmental Extension Service and “Community Capital Development,” whose mission is to “create, sustain, and grow entrepreneurial opportunities and livable-wage jobs...primarily for disadvantaged populations that have historically experienced difficulties in accessing business financing and economic development services”)

Further contributing to the city’s overall economic development profile is the OED’s support of and participation in the independent and non-profit Manufacturing and Industrial Council of Seattle. The MIC, which was formed in 1997, advocates for Seattle’s versions of Back Streets businesses. These businesses, according to the MIC, “share the common goal of promoting the city’s industrial job base, including the development of municipal and regional support for the infrastructure necessary to sustain the city’s industrial base” [emphasis added]. Its board consists of representatives from a cross-section of Seattle’s industrial business sectors, ranging from fewer-than-20-person firms to Boeing. It is further tied into the city’s economic development activities through its support of the Seattle Jobs Initiative mentioned above.

OED, MIC, SBA, and Seattle’s Networks

Just as the MIC “links up” to the OED, it “links down” to a major neighborhood organization called the SODO (South of Downtown) Business Association. Similar in many ways to the Newmarket Business Association, SBA is a nonprofit

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12 Interview with Ben Wolters, Head, Seattle Office of Economic Development (March 18, 2002).
membership association, formed in 1993, to “plan, encourage and empower the progressive improvement, both economically and socially, of a commercial-industrial core within the City of Seattle.” This core includes the Duwamish Manufacturing and Industrial Center, which contains more than 4,000 businesses and 70,000 employees and which provides approximately 25% of the Seattle tax base. In contrast to the NBA’s hands-off approach toward the City of Boston, the SBA explicitly promotes its interest “in helping our public officials plan a future in which the economic importance of existing businesses is a key element.” Their priorities include “better law enforcement, creation of an excellent transportation system and a regulatory environment that fosters job retention.”

Of the cities reviewed here and in the BCG/ICIC report, the issue of land constraints is most severe in Seattle. According to the manager of that city’s manufacturing and industrial areas program, there is, pointedly, “no land left.” That fact is beginning to have consequences for the Duwamish Center, where even there, competing commercial uses are beginning to nibble at what had been reserved for industrial use. (As the manager put it, “zoning is permanent until you change it.”) At the same time, there continues to be strong resistance to the inclusion of residential development in either of these zones, and in general the invasion of non-industrial uses has been kept to a minimum.

In general, however, what is striking in Seattle is the willingness of all parties to take advantage of collaboration and the formation of networks and partnerships in order to “support community-based economic development.” Beyond the active role of the MIC in Seattle’s development deliberations, another specific, and singular, example of collaboration is represented by OED’s contract with the non-profit Economic Development Council of Seattle-King County. The EDC, whose members represent a coalition of business, government, education, environment, trade/industry and social organizations, and chambers of commerce, provides business attraction and retention expertise to OED — a kind

14 Ibid.
15 Interview of Susan Dehlendorf, Seattle Office of Economic Development (January 23, 2002).
of reverse traffic flow. Furthermore, through its Neighborhood and Community Development Department, the OED partners with and helps fund CDCs working to attract investment to Seattle’s underserved communities.\(^\text{17}\)

**The Regional Question**

One final point relating to a different kind of collaborative effort derives from a look at the premises behind a large-scale study of Seattle’s economic outlook, undertaken shortly after its newly-elected (2001) Mayor Greg Nickels took office. According to the project’s description, written in acknowledgement that Seattle’s economic recovery will lag behind the national outlook,

…there is a significant need now to look at how recent economic conditions have changed the composition and competitiveness for businesses in Seattle and our region. OED will complete an Economic Action Plan that will evaluate Seattle’s opportunities in traditional and new economy sectors. *The action plan will be based on an understanding of changing characteristics for Seattle’s diverse markets, and developed in consultation with entrepreneurs and business leaders, trade associations, real estate developers, economists.* OED’s Economic Action Plan will recommend quick and long-term actions the City can take to lower barriers to business competitiveness, support employment and workforce development, and attract investment [emphases added].\(^\text{18}\)

Considering this study in light of the Boston situation, it is important to recognize the presence here of a strategic vision drawn from a wide-ranging collaborative effort that will frame Seattle’s economic development policies and actions. Equally important is the reference to Seattle’s *regional* position, as it attempts to deal with both business retention and new business development. With Washington State set to develop a light-rail system connecting Seattle and

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\(^\text{16}\) These sites comprise approximately one-tenth of the city’s total, or 54,000 acres.

\(^\text{17}\) Communication from Nathan Torgelson, Seattle Office of Economic Development (January 15, 2002).
its surrounding cities and towns (funded through a unique Regional Transit Authority tax), and with Boston promoting the development of the Urban Ring (without, of course, the benefit of any tax sharing), the impulse to draw parallels is rather compelling. Working on the assumption that each of these systems will influence economic development within the regions served, one resumes asking how Back Streets might benefit from consideration within a regional framework.

**Back Streets and Seattle**

As one considers Back Streets in the light of these findings, one has difficulty being able to identify so far any examples in Boston of this integrated approach to economic development — even (or especially) to the specific challenges faced by Back Streets. And more generally, one does not find any sort of web of mutual interests being created either among the various city agencies or between the city and some of the other stakeholders discussed in Chapter 3. Given the richness of the set of multi-layered institutional relationships and service offerings spelled out in Seattle’s economic development playbook, the question at least needs to be raised for Boston of whether — and how — and by whom — such a set of (potential) relationships might be inventoried and scenarios created that, ultimately, would make such institutional changes politically palatable.

**CASE # 3: KANSAS CITY**

**Its Economic Development Services and a Nascent Business Retention Model**

Overseeing Kansas City’s economic development, the non-profit Economic Development Corporation was created in 1987 out of two other non-profit agencies — the Kansas City Redevelopment Authority and its Industrial Development Corporation. As a single development entity, the EDC provides a
set of services comparable to those found in Cleveland and Seattle. They include:

- Site location assistance
- Expansion financing
- Customized job training programs
- Tax incentives
- Enterprise zone benefits
- Permitting and zoning assistance

Under the EDC umbrella, and expanding its capabilities in its self-proclaimed role of “taking care of business for Kansas City” are a number of affiliated non-profit agencies with a particular focus on financing. Among these are:

- The EDC Loan Corporation, which distributes low-cost loans for the expansion and growth of qualifying area businesses.
- The Land Clearance for Redevelopment Authority, aimed at revitalizing neighborhoods and commercial areas through land acquisition, demolition, and site improvements. With the city council, LCRA has the authority to grant property tax abatements for 10 years and to issue bonds.
- The Tax Increment Financing Commission, which makes recommendations to the city council on redevelopment projects that might be able to make use of this mechanism for purposes of eliminating “blight” in order to stabilize and grow the city’s tax base. (The Economic Development Corporation staffs both the TIFC and LCRA.)
- The Kansas City Corporation for Industrial Development (KCCID) Charitable Fund, which receives governmental and foundation grants, using the proceeds to redevelop central city industrial areas.
- The Port Authority of Kansas City, which, through site development and financing, assists companies wanting to locate or expand operations along the riverfront

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The EDC is expected to increase its coverage even further with its absorption of the Industrial Expansion Authority (which focuses on industrial development) and the Industrial Development Authority (which is primarily a funding agency with authority to issue industrial development bonds); the head of both of those operations currently serves as a Senior Business Development Specialist with the EDC.

Interestingly enough, the EDC’s portfolio also includes a Housing Authority, in part a result of the city’s efforts to create mixed-use zones within some of the downtown neighborhoods. Even though Kansas City, with an abundance of available land, is not at all under the same competing pressures for housing space as Boston, it is important to note that housing is nevertheless being integrated at an early stage into the city’s industrial development decision-making.

Organizationally, the EDC works in close collaboration with the city planning office’s economic planning division to make sure that particular projects meet certain public cost/benefit guidelines, are appropriate in terms of land use, and, in general, are within the city’s overall strategic plan — an effort labeled FOCUS (Forging Our Comprehensive Urban Strategy).

**Business Assistance Programs**

Much of the business assistance programs take the form of workforce development supported by partnerships. The Missouri Customized Training Program, for example, helps new or expanding businesses, through reimbursements, recruit and train for newly created jobs. Kansas City’s Metropolitan Community Colleges in turn partner with local businesses that seek to benefit from the MCTP efforts by providing (and being reimbursed for) custom training either in a classroom setting or at a business site. The third leg of this training stool is the Full Employment Council, which funds companies’

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21 There are obvious parallels to Boston’s Local Development Corporation and its Industrial Development Financing Corporation (see Chapter 2).
22 Interview with Joe Egan, Director of Housing, Kansas City EDC (March 12, 2002).
participation in job training programs specifically targeted at disadvantaged persons.

The importance of workforce development to EDC in fulfilling its mission ("taking care of business in Kansas City") can be seen further in its relationship to the Local Investment Commission. LINC is a three-year old community services organization, acting as an intermediary for block-grant funding, and having its own set of community partners. The organization works to develop jobs for residents in low-income communities by providing companies with access to a labor pool that has been assessed for education, work experience, skills, and aptitude.24

**Business Retention**

Boston’s development picture is considerably more complex than Kansas City’s — whether seen through the lens of land constraints or housing prices or pressures for competing uses. That said, however, it’s important to note the way in which Kansas City is beginning to pay attention to the remaining businesses in Kansas City’s industrial areas. With heretofore-abandoned warehouses being converted into residential lofts, many property owners are beginning to sell out to “higher and better use.” To at least mitigate this trend, the current executive director of the Economic Development Corporation, Andi Udris, is emulating the liaison model he established in Cleveland in which field representatives are deployed to the individual industrial districts. As in Cleveland, Udris sees their role as more closely resembling that of a kind of business intermediary, and as serving to help create tighter links between the businesses and the city and to change the current reality that, in Udris’s words, “industrial users don’t vote.” (Certainly the latter accusation could never be hurled against members of the Newmarket Business Association, for example.) And perhaps even more importantly, an objective is to offer these remaining (and, it is hoped, yet-to-arrive) businesses reasons to stay and opportunities to flourish.25

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23 Interview with Bob Lengenkamp, Associate Director of Planning, Kansas City (April 15, 2002).
25 Interview with Andi Udris (April 12, 2002).
Next steps: Strengthening Links to the Neighborhoods?

A recent report from the Council for Urban Economic Development analyzed the type and effectiveness of economic development activities in Kansas City (as well as Atlanta and San Diego) and their impact on such areas as business attraction, industrial development, neighborhood development, and business retention and expansion. While acknowledging the "entrepreneurial" quality of the Kansas City EDC staff (ascribed in part to the Corporation's relative autonomy from city government), it also made note of the fact that a key part of its strategy for the city as a whole is "based on organizations that work at the neighborhood level," including CDCs that pick up the local slack left by the EDC. A prime example is the Hispanic Economic Development Corporation (HEDC), which is currently co-developing a business park on the site of the former Kansas City Terminal Rail Yard, using a combination of HUD grants and loans as well as funding from a group of local lenders.

For Kansas City as for Boston, a question to consider is the gains to be realized from a more explicit integration of these local activities into an overall economic development strategy. Without knowing Kansas City's political dynamics, for example, one can project at least a hypothetical value convening a group representing the EDC and local organizations to explore how those gains might be realized (and issues of territoriality overcome) for the city as a whole as well as for the neighborhoods. Again, as with the two other cities so far cited, the issue here is how collaboration can support a multi-pronged, systemic approach to economic development. Although much of Kansas City's efforts have been devoted to larger businesses and projects, as well as to the creation of a lively downtown, those efforts are expanding to encompass the kinds of economic activities that might have been ignored in the past. Such a wider focus certainly seems to be part of the EDC's agenda and a driving force behind its links to asset bases like LINC (and, potentially, HEDC). In any event, it is instructive to see

27 That may be putting it a bit too politely: according to the CUED report, "most of our sources in Kansas City indicated that the services to distressed neighborhoods are somewhat lacking.... The
that the kinds of partnerships being forged in Kansas City are of a piece with those we’ve already seen in Cleveland and Seattle — and to project forward toward the kinds of partnerships yet to be forged.

CASE #4: ST. PAUL

The “Partnership” and Delivery of Economic Development Services

As an example of collaboration under the umbrella of economic development, St. Paul is, among the four cities under discussion (five, with the inclusion of Boston), the furthest along in articulating a model for collaboration. That model is defined in a 1994 document that spells out the operating agreement for the “St. Paul Area Economic Development Partnership,” initiated in 1994 by then-Mayor Normal Coleman. Realizing that the various agencies — public, private, governmental — involved in economic development were crossing paths (and perhaps even swords) to the detriment of the city’s economic health, Coleman essentially forged a compact among those agencies. The vision for the compact, according to the operating agreement, was “to establish a new way of doing business so that every customer experiences a clear, streamlined, and effective economic development delivery system.”

At the time of the compact’s signing, the agencies, representing a mix of public, private, and non-profit interests, included:

- The St. Paul Chamber of Commerce;
- The city’s Department of Planning and Economic Development, which itself is in partnership with both business and community leaders, developers, and neighborhood groups;
- The St. Paul Port Authority, the industrial development financing agency for the city, assisting growing businesses in site selection, expansion and equipment financing, loan guarantees, and other related products;

EDC was never conceived as a catalyst for economic development at the neighborhood level and as a result, its work does not include the city’s most distressed areas” (p. 12).
- The Metro East Development Partnership, made up of public and private investors and emphasizing regional economic development within the three counties that include and are proximate to St. Paul;
- Downtown Marketing & Development, which has since become the Capital City Partnership, a private, nonprofit corporation dedicated to revitalization of the city’s urban core.

Not included as a member of the original compact, but a functioning part of the “Economic Development Team” promoted by the city, is the St. Paul Riverfront Corporation, another private, nonprofit organization, funded by area foundations, with an agenda that includes urban housing as well as mixed-use commercial, and recreational developments.

The agreement’s signatories agreed to a set of goals that, in addition to what might be considered standard boilerplate, also recognizes the need for and value in collaboration. Thus:

- Develop the best possible economic development climate in St. Paul and Metro East area;
- Better assist customers to keep them satisfied and keep them in St. Paul and/or the Metro East area;
- Insure better coordination of activities among the Partners regarding call [or outreach] programs;
- Create a system to ensure that all opportunities are capitalized upon;
- Clarify roles and define specific lead Account Managers for different business sectors and types of customers;
- Develop a clear referral process that utilizes the key focus and strengths of each partner;
- Coordinate efforts to pursue new financial resources;
- Cooperate to retain existing businesses in the host communities [emphases added].

With these goals constituting an overall framework for action, the agreement stipulated the individual mission and focus of each of the partners. Thus, the
Port Authority’s mission is to “assist industrial growth, job creation and retention, and tax base increase through industrial redevelopment, industrial small business financing, and industrial business services.” Its focus includes redevelopment and management of industrial parks; industrial small business financing; provision of such business services as sites searches, real estate development consulting, etc.

In addition, each of the agencies assumes the responsibilities of a “Lead Account Manager” in their respective areas of expertise. For example, the Port Authority Manager is accountable for “industrial customers whose companies are two years of age or older, [and who will be provided with] assistance in the areas of business park space, financing, and business services as needed.” The Planning and Economic Development Manager is responsible for “retail and service sector businesses and emerging industrial companies less than two years old...[for] establishing and managing redevelopment areas, [and] assistance to neighborhood commercial strips.”

The process whereby “customers” are served is based on information exchange, customer outreach, and “establishment of a close working relationship among the partners.” As stated in the operating agreement’s summary, “the partners agree that St. Paul and Metro East face significant competition from other states and regions, and a smooth, seamless system must be implemented immediately in order to yield successful economic development initiatives and customer service....[Thus], the mission and focus of each partner organization will be honored by the other partners.”

Finally, in a summary statement, the agreement sets forth a group of mutually agreed upon general principles, reinforcing the compact’s overall goals and objectives. Couched as a set of behaviors, they state the following:

- Customers in all sectors must be served quickly and effectively by the account manager.

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28 This and subsequent relevant quotes are taken from the St. Paul Area Economic Development
- The partners [sic!] will avoid duplication of effort in serving their customers.
- The Mission and Focus of each partner organization will be honored by the other partners.
- Effective, consistent, ongoing communications among the partners are critical to St. Paul’s economic development success.

The Role of Political Leadership
It is worth detailing the elements of the St. Paul agreement if only to see how one city has been able to operationalize a partnership-based approach to economic development. Central, however, to the partnership’s conceptual framework and to its implementation was Mayor Coleman, who used every available opportunity to articulate his vision, whether to St. Paul’s citizens generally or among the affected agencies specifically. In the same way he understood the value of active engagement and the need to promote this issue through a variety of public forums, government-sponsored breakfasts, etc. Such hands-on engagement continued even after the agreement was put into affect until he left office at the end of 2001.

A change of administrations has so far done nothing to undercut the purpose and thrust of the compact. According to stakeholders, the agreement has seemingly been institutionalized, with the heads of the member organizations meeting once a month and the staffs continuing their high level of cooperation. Issues that arise around territoriality have been, and continue to be, resolved at either the staff or CEO level.

In short, having broken down the silos within which the various economic development fiefdoms had resided, St. Paul’s mayor brought them together in such a way that they retained their primacy around their respective areas of expertise while contributing to the larger goal of building an effective economic

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29 Interview with Sean Kershaw, St. Paul Port Department of Planning and Economic Development (January 14, 2002).
30 Interview with Paula Zirbes, St. Paul Port Authority (January 14, 2002).
development team. (The operating agreement quotes Peter Drucker to the effect that “the purpose of a team is to make each member’s strengths paramount and its weaknesses irrelevant.”) Furthermore, both during and beyond the agreement’s first stages, he made full use of his bully pulpit to propound not only the concept of an integrated economic development push, but a method for implementing that concept.

The agreement seems to pay little heed to housing (or transportation, for that matter) as components of the economic development picture. Rather, its strength lies in its recognition of what happens when institutions that carry related portfolios nevertheless work in seeming isolation and at cross-purposes. And its strength lies as well in its display of political leadership, with the Mayor willing to expend political capital first to re-craft an entire economic development system and then to work to sustain the impetus behind the system.

**Summary Lessons**
None of the cities discussed here is precisely like Boston. It could be argued that, in fact, no city in the US has quite the same mix currently of economic and geographic characteristics as Boston has. But because of the complex challenges facing Boston in terms of retaining a diverse economy that supports an equally (or increasingly) diverse workforce, its appropriate to identify major themes that could be applied to Boston’s situation.

Admittedly, the cases presented here were done so in order to make a point: Under the wide umbrella of economic development, there are not simply opportunities for collaboration, there are imperatives. Whether in the form of Cleveland’s industrial planning regions; Seattle’s active partnerships with community-based organizations and other private, non-profit organizations; St. Paul’s operating agreement; or all four cities’ view of industrial retention within a larger economic development strategy — all these examples point to the desire — or need — to create alliances and expand capacity in a period of constrained
resources. The examples also showed how activating those partnerships on the ground depends heavily on district representatives who are thoroughly immersed in the needs of their districts and in methods of effectively and efficiently channeling those needs. In this regard, the fact of Kansas City following in the footsteps of so different a city as Cleveland (even allowing for the fact that the model’s designer carried it from one city to the other) suggests that these frameworks have cross-over potential.

As we’ve seen Boston’s efforts to incorporate other partners in its economic development efforts appear somewhat haphazard and ill-defined. At the same time, the merger of the EDIC with the BRA, while definitely not haphazard, did result in a loss of clarity regarding the former’s mandate. For comparison’s sake one need only look at the St. Paul agreement to see how a kind of non-merger merger can work.

Broadly speaking, and to varying degrees, these cases recommend themselves for their insight into how cities can think and act both regionally and strategically. These cities have essentially put into practice the mandate that had been assigned to Boston’s EDIC in 1971 (see page 56). A question, of course, is the extent to which Boston is willing — or able — to move back to the future.

What’s Next
Building, then, on what has been uncovered and represented in this chapter, and on the prior chapters’ analysis of Back Streets, the concluding chapter will lay out a set of recommendations for Back Streets in terms of design, its implementation, and its institutional structure. Some will be an extension of what has been discussed so far; others will infer a series of tactical and strategic steps based on an identification of some linkages that are perhaps not so readily apparent. All, however, will be in the service of an effort that, for Boston especially, is crucially important.

31 According to Zirbes, and separate from the operating agreement, St. Paul has a policy of 20% of all new St. Paul housing being made affordable.
Introduction: The Case of Biotechnology and Back Streets

In March 2002 there appeared in the *Boston Globe*, within a week of each other, two stories that encapsulate much of what we have seen in the previous chapters. Though focusing on only one industry — biotechnology — they nevertheless illuminate both the specific issues driving Back Streets and the larger context within which those issues reside.

The earlier of these stories — “Vision lacks allure in Crosstown” — was published on March 18, 2002. In it, the writer outlined a controversy surrounding the Boston Redevelopment Authority’s proposal to develop “a new biotechnology corridor” at the Crosstown site. Situated in close proximity to Newmarket and to Roxbury, and described in the article as “a motley neighborhood of long-departed manufacturing jobs, asphalt parking lots, and dashed hopes for development,” Crosstown had been one of the areas originally targeted by the EDIC for industrial development; in the mid-1980’s it had, in fact, been the home of one of Digital Equipment Corporation’s manufacturing facilities. DEC has long since been absorbed by Compaq (which in turn is in the final stages of being absorbed by Hewlett-Packard), along with the manufacturing jobs represented by the now-empty building.

After DEC’s demise, subsequent attempts to develop the site have included, among other efforts, plans for a sports stadium and a cinema complex. According to the *Globe*, however, the (presumably sustainable) health of the biotechnology industry, along with a commitment from a major university to lease more than 100,000 square feet of proposed office space, as well as approval by the Boston City Council of a $48 million BIDFA bond issue (see page 38) for the project — which will also include a hotel and parking garage — all seem to give the proposed new corridor an air of inevitability.
The controversy arises from the fact that, as of the 1990 census, an estimated 40 percent of Crosstown residents were without a high school diploma, leading some to wonder about the ultimate availability of jobs “not just for white-coats from the suburbs but for residents with little formal training.” In response to this concern, “the BRA projects that while 79 percent of the jobs created by biotechnology typically demand a college degree or higher, 15 percent require an associate’s degree and 6 percent just a high school diploma.” Thus, “dozens of jobs will be available in areas such as printing, cleaning, glassware washing, packaging sterilizing, plastic molding for medical devices, and food service.” A senior BRA staff-member notes that “spin-off businesses — such as dry cleaners, restaurants, and flower shops — will create more opportunities for residents without broad educational experience.”

On the other hand, the latest Roxbury Master Plan, according to some neighborhood residents who participated in its design, makes no mention of biotechnology facilities. (The BRA replies that it does, under the heading of “research and development.”) And in any case, these residents would like to see housing, parks, churches — “the comforts of a residential neighborhood combined with small businesses that could provide immediate and easily accessible jobs” — a vision, according to these same critics, that was sketched in the Master Plan.

Six days later, on March 24, 2002, the Globe published an article headlined “Demand up for workers in biotech; technicians sought for manufacturing.” According to the Massachusetts Biotech Council’s Director of Education, as quoted in the story, “a lot of our small companies are now maturing to the point where they need to manufacture for clinical trials and general use. So the manufacturing component is becoming a larger and larger part of our biotech companies.” As though speaking in direct response to the concerns generated by the proposed Crosstown project, the article notes that “[these technicians] don’t need a college degree in biology....General qualifications for the jobs include a high school diploma or GED, good communication skills, the ability to learn on an ongoing basis and a degree of comfort working in a regulated industry.”
new workforce development initiative, aimed at establishing a bio-
manufacturing program in several community colleges, will produce graduate
“qualified for entry-level positions in bio-manufacturing that pay $13 to $15 an
hour, plus benefits.”

Back Streets: The Need For a Larger context?
As we’ve seen reported in somewhat different form elsewhere, the BRA’s
research office noted that, as of June 2001, “the economy of the Boston
metropolitan area primarily rests on high technology, finance, professional and
business services, defense, and educational and medical institutions.”
Furthermore, “the City’s economy is more specialized in the financial,
governmental, business and professional services and educational and medical
sectors than the suburban economy....”¹ In the face of these current (and, it is
suggested, future) conditions, one needs to ask whether Back Streets as currently
designed is fully serving the program’s objective — retaining and sustaining a
diverse economy and an accessible labor market in the face of a shifting industry
base and severe development pressures. Indeed, if Boston’s economy is to
flourish as a “delicately balanced eco-system” (to use the language of the Back
Streets promotional materials) that objective is inarguable.

With the Globe stories as a back-drop, however, and given our review of Back
Streets and of relevant best practices in four other cities, we arrive at the
following conclusion: For Boston to achieve the objective advanced for Back
Streets, the latter’s structure — both conceptually and operationally — must be
more finely detailed (where should the industrial focus be?), more expansive
(can the solution be found locally, or are there regional possibilities, not to say
requirements?); and more aggressive (in what ways should Back Streets provide
a platform for an inter-organizational approach to economic development?). A
related concern — one raised by the Globe stories — revolves around the policy
implications of “no net loss of industrial jobs” versus “no net loss of industrial

¹ Boston Redevelopment Authority, “Boston’s Strong Economy — 2001” (June 2001).
space.” In sum: What should be the city’s lead in connection with this program and, ultimately, in connection with economic development overall?

**Three Back Streets/Economic Development Imperatives**

In the aggregate, these questions lead to the following set of imperatives based on refinements to the way in which Back Streets is being framed and to the way in which it is being, and will be, delivered. The first is aimed at strengthening the institutional infrastructure in order to support the creation and implementation of an overall economic development strategy. The second and third are posed as heuristics — analytics against which Back Streets-related decisions must be measured.

**Imperative 1: Renew the EDIC by revisiting its original mandate.**
- In which areas was the EDIC successful? Where were the gaps?
- What has been gained through a merger of the EDIC with the BRA? What has been lost? What can be retrieved? How?

**Imperative 2: Define more precisely the scope of the problem.**
- What, in fact, is the amount of industrial land available to accommodate “Back Streets” businesses?
- How many jobs are represented by those businesses?
- Which industries now constitute “Back Streets” businesses? Do all businesses labeled “Commercial Services” (which, according to the BCG/ICIC analysis, constitute fully 41% the total), for example, require — or even warrant — a Back Streets designation? On the other hand, should biotechnology or health care be considered a source of Back Streets-type jobs?
- What do other economic trends suggest about where the city should be focusing its energies around access to jobs?

**Imperative 3: Exploit economic collaboration.**
- What are the opportunities for and realizable gains from joint economic ventures among city agencies and non-profits?
What are similar opportunities for intra-agency joint economic ventures?
What constitutes a viable, workable economic region?
What are the political obstacles to be overcome in creating that region?

We will review the underlying rationale for each of these imperatives, and suggest ways in which to begin testing them against the realities of current conditions.

**Imperative 1: Clarify and Strengthen the Role of the Economic Development and Industrial Corporation, Or Its Equivalent.**

In our review of the EDIC, we noted even the linguistic similarity between its 1971 policy guidelines and the mandate given to Back Streets. Similarly, in the first chapter we posed the question of what impact a Back Streets-type initiative might have had on the city’s economic profile had it been put into effect and sustained from 1981. In response, an argument could be constructed asserting that, in fact, Back Streets was in effect: It was called the EDIC. A follow-up question might be: If so, what was the impact?

We discussed earlier (see page 29) that a key function of the EDIC was to “create and preserve industrial jobs for the City of Boston residents.” In reviewing the manufacturing employment numbers from 1970 to 2000, it’s clear that this goal was not met, as the totals drifted down from 63,812 in 1970 to 52,689 in 1980 to 28,882 in 1993,

Nevertheless, the legislative origins of the EDIC, as well as its *stated* objectives, make it a worthy object for reconsideration if the city is to strengthen its overall economic development posture.

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2 Boston Redevelopment Authority, “History of Boston’s Economy” (p. 22).
One of the major themes to have arisen from the analysis of Back Streets (and of its economic development cousins elsewhere) has been the gains to be realized from a coordinated planning and economic development strategy — a kind of economic development "master plan" or integrating mechanism — at or near the center of which might be Back Streets. The often-cited (perhaps too often cited) example of the Marine Industrial Park stands as an example of an approach to economic development that appears to have been aggressive, well thought through, politically and financially sound, and far-sighted — and to have provided a counter-example to the overall trend of job losses in the manufacturing and industrial sectors.  

But moving beyond this one instance, and whether or not Back Streets takes pride of place in such a construct, there is a fundamental need to operationalize the relationship of Back Streets to the other parts of Boston’s economic puzzle. The data presented in earlier chapters regarding industry sectors and employment cannot be discounted. If Boston is to have a chance of retaining the kinds of jobs and economic opportunities it says it wants, it cannot hope to accomplish this without crafting an institutional framework based on acknowledging the complete spectrum of such opportunities and their economic impact. Certainly the experience of other cities appears to speak to this point.

It appears that the seeds of such an integrative institution exist even within the vestiges of the EDIC. Were it to be fully restored — even if it remains within the BRA — with its policy guidelines revisited and re-emphasized both internally within the city bureaucracy and externally among all its constituencies, its "entrepreneurial" spirit reinvigorated, the "public interest" stands a chance to being served more efficaciously than it is now. Recall: the first of the EDIC guidelines talks of “types of development consistent with the public interest, which will maximize employment of City residents.” This is, to bring us back to where we began, fundamentally Back Streets.

3 Although even that needs to be taken with a grain of salt. According to BRA research, in South Boston, the site of the Marine Industrial Park, manufacturing jobs went from 8,271 in 1981 (or 34% of the district’s total) to 4,698 in 1996 (17.8% of the district’s total).
TO ASCERTAIN THE VALUE OF A NEWLY REVIVED EDIC, THE STUDY MAKES THE FOLLOWING RECOMMENDATION:

- The city needs to examine the value of a revived EDIC by asking a version of the question referred to earlier: Imagining the EDIC reverting to a 1971-type status, in what way will Back Streets (and the other economic development initiatives currently underway or projected) be affected? What advantages will accrue to the city and to all the constituencies for which Back Streets was designed? How will Boston better take advantage of its competitive position while supporting the overall Back Streets objective of high quality, high paying jobs for Boston residents? And if EDIC, or some version, is in place as an institutional driver, able to provide the necessary institutional infrastructure, to what extent might an integrated strategy be possible? And without such an integrated strategy does the city run the risk of being undercut by the truism that “if you don’t know where you’re going, any road will get you there?”

**Imperative 2: Define More Precisely the Scope of the Problem.**
Admittedly, it is perhaps easy to be seduced by biotechnology’s promise as put forth in the Globe stories. But assuming for a moment that the industry does have staying power, the opportunities described in the articles represent an interesting variation on the Back Streets paradigm. Paul Harrington, associate director of Northeastern University’s Center of Labor Market Studies, is quoted in a March 2002 article on Back Streets as saying that “manufacturing jobs are the traditional route that entry-level workers have used to move up, so it’s very important to keep them.”

As backup to the analysis of the eight industrial zones, for example, the BCG/ICIC report includes the following industries under the umbrella of manufacturing: food and kindred products; tobacco products; textile mill products; apparel and other finished goods; lumber and wood products;

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furniture and fixtures; paper and allied products; printing and publishing; chemical and allied products; and petroleum refining. To this list, should we add biotechnology, given the opportunities for entry-level jobs outlined in the stories cited above? Given the example cited above, should a more realistic view of the manufacturing sector expand to include biotechnology? And if so, how does that alter the criteria not only for targeting Back Streets industries, but for explaining and marketing the strategy underlying Back Streets?

**WHAT ARE THE NUMBERS?**

The Back Streets press materials state that “the program will begin with a comprehensive assessment of the city’s industrial zones to determine current land use and anticipate growth needs of businesses operating within them.” Without common agreement on who and what is being served, it will be difficult to move forward on this initiative with any precision. As mentioned in Chapter 3, the BRA’s research department, in its February 2002 report on Boston’s industrial spaces, derived its information from City of Boston Assessor data, or actual usage, in determining industrial land. The Boston Consulting Group/ICIC consultants, doing their own analysis on behalf of the BRA, looked at the zoned acreage. Key to the city’s “comprehensive assessment,” therefore, is a realistic picture of what is available to light-industrial businesses wanting to expand or needing to move. Is the city basing its strategy on the 1154 acres in South Boston included in the BCG/ICIC study, for example, or on the 479 acres in the BRA’s research study? With the promise of making certain (again in the words of the press materials) “that small and mid-sized industrial and commercial enterprises remain and prosper in the city,” the issue of where to put those businesses — or whether, in fact, they can all be accommodated — is hardly a trivial one.

Related to the geography of Back Streets is the “demography.” At one point the initiative’s press materials refers to 47,000 people being employed in 1,239 companies located in one or another of the eight “official” Back Streets districts. Of those 47,000, nearly 30%, or more than any other sector, are employed in what are called “Commercial Services.” (Overall, as noted earlier, 41% — or, again,
the largest percentage — are in “Commercial Services.”) Based on SIC codes, the categories of commercial services covered by the BCG/ICIC study include: business services; automotive repair; miscellaneous repair services; motion pictures; amusement and recreation services; social services; engineering, accounting, research, and related services; and miscellaneous.

Because there is no breakdown of those 1,239 businesses, it is difficult to determine how many might be social services or business services firms, for example, able to locate in areas other than the designated Back Streets districts. Perhaps more to the point, should the Back Streets effort focus on both commercial services and light-industrial enterprises, given the different requirements and characteristics of each? (It’s worth at least asking whether Sunbridge Care and Rehab Center, a commercial services firm identified in the BCG/ICIC report as one of the “top business profiles” for East Boston, and employing between 100 and 250 people, can more readily be absorbed in a non-industrial area than, for example, the Wagner Brake Company in Allston-Brighton, a manufacturing firm with about the same number of employees.)

This is not to suggest that certain small- or medium-sized businesses are less worthy of the city’s attention than others. It is to suggest that the potential for mobility of some of these firms outside the Back Streets districts and other industrial spaces should be fed into the formula for determining both what is necessary and what is doable.

One final “demographic” concern, discussed earlier in this chapter, is based on the need for an up-to-date description of what constitutes the manufacturing sector, particularly since one of Back Streets’ twin pillars is that of sustaining a diversity of jobs. Again, this is not to deny the essential role of the various supporting businesses included in the original Back Streets campaign. If, however, the comments of the Mass Biotech Council’s representative are to be believed, the potential impact of an industry such as biotechnology on the shape of the manufacturing sector will be considerable. With training programs in place at various Boston-area community colleges, there is already recognition of
biotechnology as a (hopefully on-going) source for the kind of high-quality, 
good-paying entry-level jobs that are driving the Back Streets effort.

In many respects, including invested capital and technological refinement, 
biotechnology appears to have at best a remote relationship with what has come 
to be popularly understood as Back Streets businesses — the sort, the Mayor 
likes to say, “where you get your hands dirty.” (Dirty hands are probably the 
last thing you’d look for in a biotechnology plant.) Given the way it effects, or 
will effect, employment, however, it needs somehow to be folded into a broader 
strategy that reflects a resurgent manufacturing sector, but one whose shape and 
components differ from what had been the historic norm.

Certainly, it is essential that the jobs represented by a company such as Barry 
 Controls (discussed in Chapter 3) be kept available to Boston’s residents, and 
that Boston’s economic components — small, medium, and large — be seen as 
mutually reinforcing. But in so doing, the city cannot afford to avoid 
consideration of trends, such as that represented by biotechnology; in the design 
and implementation of its portfolio of economic opportunities.

In the same way, the city cannot afford to overlook the implications of such 
analyses as a 1998 BRA report that looked at Boston’s job growth. In discussing 
Boston’s ability to capture “New Collar” jobs that, in the 90s, had moved to the 
suburbs, the report noted that “the cost advantage of suburban back office space 
is evaporating.” The result: the jobs offered by these operations are now located 
in Boston. “They encompass,” according to the report, 
a variety of skill levels such as secretarial, clerical, data entry, and technical. Unlike many of the jobs in Boston’s Class A office space, 
these jobs offer a variety of entry level opportunities. In addition, 
these positions are permanent, offer benefits, and may provide career advancement opportunities. In a modern economy like 
Boston’s, these careers are taking the place of the blue collar jobs of 
yesterday, and we must capture them in order to retain a proper job mix.
in the city and to provide new employment opportunities for Boston residents [emphasis added].

Granted, the economic conditions in the first quarter of 2002 differ from those reflected in this 1998 report. The point, however, remains: that for Back Streets to achieve its mission of sustaining economic diversity, it must look not only at preserving what is best of the existing aggregation of businesses, but also at determining where parallel opportunities exist to enable an even greater — and perhaps richer — degree of such diversity.

**TO ACHIEVE THIS MISSION, THE STUDY MAKES THE FOLLOWING RECOMMENDATIONS:**

- The city needs to undertake an audit of all industrial sectors, both traditional and non-traditional, as a first step toward the development of a strategy for entry-level job creation, job access, and job mobility. This is particularly important if we assume that the city’s interest in maintaining the broadest possible job base is at least as compelling as maintaining an appropriate industrial base. In the same way, a parallel focus on jobs and employment will serve potentially to broaden the constituency for the Back Streets by bringing additional stakeholders into the conversation.

- The city needs to aim toward close, sustained coordination within the Boston Redevelopment Authority among planning, economic development, and research to ensure a uniform set of definitions and numbers and clarity of objectives. There should be no space between the work of the BRA’s consultants and that of its research department, for example, in determining the number of firms, the number of employees, and the amount and location of available industrial space.

- Both of these recommendations are designed to provide a solid information base upon which not only a Back Streets strategy, but a more complete economic development strategy, can be constructed, implemented, and,

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5 Boston Redevelopment Authority, “Industrial and Operations Jobs in Boston,” p. 3.
where necessary, re-visited and re-evaluated. While providing grounding in current realities these recommendations acknowledge the inevitability of change.

Imperative 3: Identify Opportunities for Economic Collaboration.
We stated in Chapter 4 that “the challenge for Boston continues to be that of creating a planning framework in which all interests are represented and through which all interests can collaborate.” In looking at examples of collaboration from other cities, we found agencies engaging in a capacity-building process whose logic — and whose pay-off — seemed inescapable. The challenge here for collaboration around Back Streets is based on this same logic; as such, this challenge needs to be confronted both externally and internally.

EXTERNAL COLLABORATION

Community Development Corporations. In broad terms, the BRA has already acknowledged the importance of CDCs as “central participants in neighborhood redevelopment efforts....[They] are a source of both expertise and financing for community-based development projects throughout the city.”6 One way in which this expertise might be leveraged is in connection with Back Streets’ District Business Managers (see page 64).

These DBMs will, according to the press materials, “will be assigned to specific industrial zones throughout the city and will serve as direct liaisons between the Back Streets businesses within their districts and City Hall agencies.” As we saw in the case of Nuestra Communidad, however, there are examples of commercial development in the neighborhoods that are being shepherded by local community organizations. And as we saw in Dorchester, the local organization’s knowledge of and access to members of the community added value to the final shape of the Bay Street project.
Whether — as in Cleveland — the Back Streets DBMs actually co-locate in various community development organizations, some form of ongoing, institutionalized partnering between Back Streets and the local CDCs offers benefits to all participants. For Back Streets, the local organizations serve as a kind of distant early warning system for nascent difficulties with individual businesses or — more positively — for new economic initiatives and possibilities, both from the demand-side and the supply-side; for the local organizations, Back Streets provides citywide access to potential occupants of new or turned-over commercial space.

Main Streets. A parallel argument can be made for a similar kind of partnership or operational relationship with the Main Streets program. The latter is, admittedly, focused more on commercial or retail rather than industrial development. Nevertheless, a percentage of the customers for these businesses conceivably work in the local Back Streets operations. It is equally plausible that a certain percentage of the Back Streets businesses themselves serve as suppliers to or distributors for some of the Main Streets operations. And as mentioned earlier, certain Back Streets businesses can be more easily absorbed — and perhaps should be located — in Main Streets districts. By diagramming links between these two components of the economic development mix, the city can also begin to identify leverage points, showing the impact of a Back Streets-related decision on the proximate Main Streets district, and vice versa.

The Urban Ring and Transit-Oriented Development. A third opportunity for collaboration exists through the city’s regional links, a point that has been made

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7 Interestingly, according to the Director of Baltimore’s Main Streets program, Dominic Wiker, the program will, at the beginning of 2003, become part of the Baltimore Development Corporation, that city’s quasi-public development agency, thereby giving economic development more of a “neighborhood focus.” Wiker in fact sees operations such as Main Streets and Back Streets needing to work “hand-in-glove.” (Interview April 11, 2002)
8 At least one of the businesses interviewed for this report — Hi-Lo Foods, in Jamaica Plain — is not only considered a Back Streets business, but had itself been contacted by the local Main Streets office in connection with the latter’s storefront improvement program. It’s difficult at this point to know if there are other smaller, non-industrial Back Streets businesses with the same sort of cross-over appeal.
several times earlier in this report. As we noted in Chapter 3, the Back Streets press materials announce that “comprehensive economic development plans will be adopted for each of the industrial zones in the city....These local plans, carried out with the input of local business owners and residents, will gauge the efficiencies of each district...and serve as the basis for *citywide and regional planning for workforce and land use*” [emphasis added again!]. Such planning might begin with a further analysis of Boston’s relatively low levels of unemployment, at least up to the end of 2000 (2.9% vs. a national average of 4.0%), in the face of no-growth sectors such as manufacturing. To what degree — and in which industries — was Boston’s labor force finding employment in surrounding communities? Were (or are) Boston-based workers taking a regional approach to their own employment needs? From a policy perspective to what extent should the city be supporting these efforts if one of its major objectives is to maintain low levels of unemployment along with access to good-paying jobs?

Another component of actual or latent regionalism is expressed by the Urban Ring transportation initiative (see Chapter 3, page 58) each of whose alternatives, according to the July 31, 2001, Major Investment Study Final Report, “is consistent with and supported by local and regional land use and economic development policies.” With the Urban Ring presumably having been able to meld at least some of the economic and development interests of the participating communities in a way that serves their respective needs, it seems only reasonable to suggest that a similar analytical template be applied to Back Streets. The outcome of such analysis could present a wider array of alternatives for business siting (and, therefore, job retention), allowing for a more comfortable balance between contending land use pressures within the city itself.

Other development potential exists by reviewing the overlap between Boston’s remaining industrial zones and the planned Urban Ring sites within the city. To what extent with the latter affect the former? To what extent should the development strategies for each — at least within Boston — be aligned to ensure the realization (again) of mutual interests?
Finally, though perhaps more tangential, is the city’s early-stage Transit-Oriented Development initiative, which is aimed at developing policies “to connect all neighborhood centers into a comprehensive transit network and to support that network with appropriate development patterns near these neighborhood centers.” These patterns are to be based on denser, more pedestrian-friendly development. One of the first three pilot sites selected is Sullivan Square in Charlestown, proximate to the Charlestown Back Streets district. Though the projected outcomes for TOD may seem to bear little relation to those for Back Streets, they may help to shape location decisions as the city searches for the kind of balance mentioned above.

The perhaps obvious point to be made is that economic development operates on a variety of scales and with a variety of anticipated outcomes. But unless looked at in an integrated manner that allows for identification of the redundancies, the contradictions, and the potential for collaboration, there will not only be lost opportunities, but also an undermining of what had originally been the objectives of each of the individual initiatives. The call here, then, is for a holistic approach to policy, rather than a series of seemingly one-off individual “programs” that strain resources and, ultimately, strain credibility.

A visualization of such a holistic approach (and one that is beyond the capabilities of this report) would be derived from a series of transparent maps overlaid on the other. The base map would show available Back Streets parcels (presumably derived from a set of agreed-upon standards and definitions); layered over that would be, respectively, maps of the Main Streets districts; of the CDCs and their service areas; of the proposed transit-oriented development sites; and of the various alternative corridors that have been proposed for the Urban Ring. The areas showing the greatest amount of congruence regarding actual or planned development might begin to suggest not only priorities, but also an integrated strategy for such development.

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9 http://www.ci.boston.ma.us/bra.
INTERNAL COLLABORATION

The St. Paul case discussed in Chapter 4 showed how collaboration is built on the integration of multiple lines of expertise and on clarity of expectations around areas of responsibility. A question for Back Streets is whether enough expertise has been mustered to ensure success. If, for example, economic development and planning are inextricably linked, the role of the latter within Boston’s bureaucracy has been muted. Just as Back Streets stands to benefit from its explicit positioning in relation to other economic development initiatives — both within and outside the city government structure — the overall success of Back Streets will depend on the degree to which the city’s planning, housing, and transportation functions can be brought into alignment with economic development.

Furthermore, although the Back Streets materials acknowledge workforce development as a major factor in the success of the initiative, there is no strategic approach to leveraging the resources that are available. Beyond identifying the Jobs and Community Services Department or Boston’s Career Centers as places that provide job-readiness services, workforce development requires strategic partnerships among the various Back Streets constituencies, including the various industries, training providers, labor, and the career centers. The model, as we saw, could be Kansas City’s — or it could be Seattle’s, with its array of partnerships between that city’s Office of Economic Development and its community colleges, individual businesses, and business organizations (as well as its community-based organizations and lending institutions.)

TO MAKE ECONOMIC COLLABORATION A REALITY THE STUDY MAKES THE FOLLOWING RECOMMENDATIONS:

- A workable economic development strategy — as well as workable initiatives within that strategy — require interactions among all the drivers of economic development. Certainly, the four cities discussed in Chapter 4 exemplified that dictum. In the same way, Boston needs to work toward the creation of that strategy by undertaking an institutional and programmatic audit,
externally and internally, of the capabilities and portfolios of all agencies and organizations involved in economic development. Similarly, the city needs to gather intelligence on the various initiatives being led by those organizations and concerned with sustaining and growing Boston's economic health, either in whole or in part. As noted above, the reasons are both pragmatic and strategic: pragmatic insofar as duplication of efforts make little sense in a period of budgetary and other resource limitations; strategic insofar as potential partnerships or possible points of leverage arguably increase the potential for success, and create a sense of policy coherence that (also arguably) is lacking throughout the city.

The audit can be conducted through a combination of survey instruments and forums involving the other economic development players. Among other outcomes, if, through that audit, the city leadership is able to forge new alliances both within and outside the bureaucracy, some of the confounding pressures working against the Back Streets objectives may be more readily overcome.

- As a third type of audit, members of the Boston Redevelopment Authority need to undertake a series of site visits to one or another of the cities identified either in this study or in the earlier BCG/ICIC benchmarking report. Each offers examples of either internal or external collaborations, and of the politics that have been able to support those collaborations. As we've already suggested, the economic and development conditions in these exemplary cities are not entirely congruent with those in Boston. Nevertheless, as we've also suggested, there are aspects within each city's approach that, with only slight modification, can be applied to and in Boston. And as a final payoff, the site visits themselves will serve as the foundation for another kind of philosophical collaboration — that between Boston's economic development bureaucracy and those in other cities.
Conclusion
To reiterate a comment from the Walsh Report: Boston cannot grow its economy alone. To paraphrase that comment: Boston’s agencies cannot operate on single tracks. The geographic, social, and economic systems within which Boston sits — and the system within which its agencies sit — begin to describe an enriched and enriching approach to the implementation of Back Streets, to the health of its businesses, and to the “health” of those who work in, live near, or make use of those businesses.

Back Streets offers an opportunity to preserve an industrial economic sector in a way that goes beyond nostalgia, and simultaneously provide for a constant and necessary reinvigoration and reinterpretation of that sector. Having laid out such worthy goals, it only makes sense for the city to join together all the forces within — and, where appropriate, outside — its boundaries to make sure those goals can be reached. This study has been tethered to an effort to identify those forces and some methods that might be applied to bring them into “the public interest.” At the very least one hopes that the articulation of these methods might begin — or contribute to — a conversation in which all players will be able to participate in the enhancement of a vibrant, energetic, widely beneficial approach to economic development for Boston.
APPENDIX A
Back Streets Districts and Their Chief Characteristics

As we noted in Chapter 3, the BRA's research department based its analysis of industrial acreage on actual usage as determined by the city's Assessor's Office. The BRA's outside consulting team, on the other hand, derived its figures from a review of area zoning maps, leading to wide gaps between the two sets of analyses. The operational ramifications of allowing two sets of numbers to enter the debate were discussed in Chapters 3 and 5.

The information below provides additional detail to the summary profiles of each of the Back Streets districts that were charted in Chapter 3, page 46. Where appropriate, both BRA and ICIC/BCG numbers are provided.

SOUTH BOSTON
- Largest of the districts, employing 22,500 people in 874 businesses and, as noted earlier, generating major revenue for the BRA through the Marine Industrial Park.
- Total revenues generated are $3 billion.
- According to the BRA, using tax assessor data, there are over 479 acres of industrial land, accounting for 31% of the city’s total industrial land.¹ BCG/ICIC numbers place the total acreage at 1154 (sic!).
- Eighty percent of the businesses generate revenues up to $2.5 million, with the majority focused on commercial services.
- Five percent of the businesses generate revenues from $10 million to $500 million, with the majority focused on wholesale trade.
- The single largest employment sector is commercial services, with 34% of the total.
- Transportation access will be enhanced by means of the three planned Silver Line rapid transit stations.

¹ Percentages here, as well as those for the other districts, are from a draft report concerning Back Streets to be issued in Spring 2002 by the BRA's Department of Policy Development and Research.
Because of its proximity to major commercial, residential, and tourism development now underway or planned, and though clearly zoned for industrial use, the Marine Industrial Park is, in the eyes of some, faced with having to resist related development pressures as businesses look for ways to expand.\(^2\)

Program opportunities, as identified by BCG/ICIC, include the 30-acre Coastal Oil tank field as well as areas currently owned by Massport.

**Newmarket**

- Although only the second largest of the districts, Newmarket contains the largest number of businesses (1,049). Employment totals 16,000.
- Total revenues generated are $4 billion.
- BRA reports industrial acreage in all of Dorchester as 212, comprising 13.5% of the city’s total. BCG/ICIC reports 791 zoned industrial acres in Newmarket alone, comprising 21% of the city’s total.
- Seventy-four percent of the businesses generate revenues up to $2.5 million, with the majority focused on commercial services and wholesale trade.
- Five percent of the businesses generate revenues from $10 million to over $500 million (with one — Teradyne — at the $1.5 billion level), with the majority in food processing.
- Fifty-six percent of all employees are in commercial services and manufacturing. Thus, although the number of manufacturing companies is relatively small (66, versus 445 in commercial services and 345 in wholesale trade), those companies are producing around the same number of jobs as wholesale trade (5,020 for the former, 5,065 for the latter) and only somewhat fewer than commercial services (6,255).
- Most parcels are privately owned, leaving future development decisions outside the city’s purview.
- The Newmarket Business Association (NBA) constitutes a major business voice in the city, and the only one of its kind in the city.

\(^2\) Interview with Dan Kenary, Harpoon Brewery, January 8, 2002
- While proximate to several major arteries, public transportation access is limited to bus service.
- There is strong demand within the NBA that the area’s “light industrial” zoning regulations be vigorously enforced to prevent conversion to retail or office space.
- Most parcels are privately owned, creating a strong set of independent voices and opinions regarding future development.

**ALLSTON-BRIGHTON**

- Between 5,000 and 10,000 people are employed in 390 businesses.
- Total revenues generated are $2 billion.
- The BRA shows 182 acres of industrial land, accounting for 11.6% of the city’s total. BCG/ICIC shows 311 industrial acres constituting 8% of the city’s total.
- Seventy-five percent of the businesses generate revenues up to $500,000 to $2.5 million, with the majority focused on commercial services, particularly automobile-related activities.
- Nearly 9 percent of the businesses generate revenues from $10 million to over $100 million, with the majority focused on wholesale trade.
- Fifty-seven percent of the workforce is employed in commercial services or wholesale trade.
- The area’s “employment density” per industrial space is the highest of all the Back Streets districts.
- Between 65% and 80% of Boston’s rental apartments are located in Allston.
- Industrial land is under pressure from both residential development and Harvard University’s acquisition of property for academic-related development.
- Some commercial and educational facilities have been converted to residential uses.
- According to the Allston Civic Association president, “we like industrial companies so long as they are clean and create jobs within districts.”
HYDE PARK

- Between 2,000 and 3,000 people are employed in 108 businesses.
- Total revenues generated are $1 billion.
- According to the BRA, there are 167 acres of industrial land, accounting for 10.7% of the city’s total. BCG/ICIC’s figures are 433 and 11% respectively.
- Nearly 64% of the businesses generate revenues up to $2.5 million, with the majority focused on logistics.
- The remaining 36% generate revenues from just over $2.5 million to (in the case of one company) over $500 million. With the exception of the latter (a logistics operation), these companies are primarily in the wholesale trade industry.
- Sixty-two percent of all employees are in logistics and construction (with the latter presumably accounted for by the presence of several relatively large construction firms).
- Most of the land is owned by city agencies.
- Rezoning is currently in process to clarify use boundaries.
- Well-defined pockets of industrial areas that do not abut residential neighborhoods.
- Several private industrial parks are already in place in Hyde Park, with one — Westinghouse Plaza — still mostly vacant.
- Transportation links include both commuter rail and buses, as well as access to Interstate I93.
- The community appears to favor the expansion of Back Streets-type businesses if that will lead to the creation of new jobs for the neighborhood.

JAMAICA PLAIN

- Between 1,000 and 3,000 people are employed in 303 businesses.
- Total revenues generated are $200 million.
- The BRA shows 18 acres of industrial land accounting for 1.2% of Boston’s total. BCG/ICIC’s figures are 155 and 4% respectively.
- Ninety percent of the businesses generate revenues up to $1 million, with the majority focused on commercial services.
The remaining 10% generate revenues as high as $20-50 million, with the majority in wholesale trade.

As might be expected, 8% of the workforce are employed in either commercial services or wholesale trade.

There are brownfield redevelopment opportunities along the Orange rapid transit line.

Strong community development corporations are supportive of “clean industry” job creation. There are countervailing pressures, however, to convert unutilized parcels of industrial land into commercial and residential property.

**Charlestown**

- Between 2,000 and 3,000 people are employed in 116 businesses.³
- Total revenues generated are $500 million.
- The BRA shows 150 acres of industrial land, amounting to 9.6% of the city’s total. BCG/ICIC’s numbers are 432 and 11% respectively.
- Of the companies reporting, nearly 66% generate revenues up to $2.5 million, with the majority focused on commercial services.
- The remaining 34% generate revenues from just over $2.5 million to (in one case) $100 million. The majority of these companies (including the single outlier) are focused on wholesale trade.
- The district is hindered by the lack of available industrial land for future expansion.
- A large industrial site along one of the major arteries is currently being converted into 1 million square feet of office space.
- Parts of the Charlestown Navy Yard are under conversion to biotechnology research facilities.
- There is currently relatively limited rapid transit and bus access; while the district is proximate to the Interstate I93, traffic remains congested.

³ Thirty additional companies did not report revenue or employee numbers to BCG/ICIC researchers. What follows is based on the reported numbers.
EAST BOSTON

- Between 1,000 and 2,000 people employed at 88 businesses.
- Total revenues generated are $400 million.
- The BRA’s numbers show 100 acres of industrial land, accounting for 6.4% of the city’s total. BCG/ICIC figures are 192 and 5%, respectively.
- Approximately 78% of the businesses generate up to $2.5 million, with the majority focused on logistics.
- The remaining 22% generate revenues upwards of $2.5 million to (in one case) over $50 million; the majority of these companies are in wholesale trade.
- Seventy-three percent of the workforce is employed by logistics firms.
- East Boston has the lowest number of Back Streets businesses, located in an environment in which there is strong pressure to convert the remaining industrial land to residential properties.
- An East Boston Master Development Plan, created in 2000, highlights land development possibilities.
- Additional industrial development opportunities are found in the so-called Designated Port Area and along one of the major highways through the district.
- Dense residential areas within the district make truck access problematical.
- Transportation assets include its proximity to the airport and frequent public transportation service via rapid transit and buses.
- Strong neighborhood organizations support job creation.

NEPONSET (DORCHESTER)

- Between 500 and 1,000 people are employed in 102 businesses.⁴
- Total revenues generated are $500 million.

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⁴ Twenty-eight additional companies did not report revenues or employee numbers to BCG/ICIC researchers. What follows is based on the reported numbers.
- As itemized above in connection with Newmarket, the BRA's numbers show Dorchester as a whole providing 212 industrially-zoned acres, or 13.5% of Boston's total. Here, the BCG/ICIC figures are 343 and 9% respectively.
- Of the companies reporting, 84% generate revenues up to $2.5 million, with the majority focused on commercial services and construction.
- The remaining companies generate revenues from just over $2.5 million to over $100 million, with the majority focused on wholesale trade.
- Sixty percent of the workforce is employed in commercial services and construction firms, with most companies employing 50 or fewer.
- Two industrial zones — Alsen-Mapes (originally developed by the EDIC) and Freeport — are both underutilized and offer potential for development.
- Overall, the just-completed rezoning process for Dorchester is building pressure for the conversion of parcels to residential/commercial uses.
APPENDIX B
Persons Interviewed

Back Streets Businesses
Gary Blanken, Dutch Maid Bakery; Bob Botelho, Hi-Lo Foods; Jim Cefalo, Boston Flower Exchange; John Dewar, John Dewar Meats; Robert Dibona, B&B Oil, Neil Fitzpatrick, Boston Freight Terminals; Frank Gioioso, P. Gioioso & Sons, Inc.; Trish Karter, Dancing Deer; Sean Keefe, Romar Transportation Systems; Dan Kenary, Harpoon Beer; Carl Lizio, Betterway Boston, Inc.; Al Lovata, Be Our Guest; Jerry Mello Mello Fuel; Joel Miller, Perishable Management Services; Tom O’Mara, Arborway Metal Finishing; Bob Patcha, Newmarket Business Association; Richard and Leslie Saltzberg, Charles River Publishing; Bill Taube, New England Advisory Group; Rich Wissell, General Manager, Global Ground, North America; Dan Yurovich, Barry Controls

Boston Department of Neighborhood Development
Mary Knasas, Kevin McCall

Boston Housing Authority
Kate Bennett, Ron Marlow

Boston Redevelopment Authority
John Avault, Rebecca Barnes, Lance Campbell, John Dalzell, Dennis Davis, Dick Garver, Jill Lacey Griffin, Meg Kieley, Jim Kostaras, Kathy Kottaridis, Jessica Pineo, Rick Shaklik, Martin VonWyss, Charlie Walsh

Community Development Corporations
Joe Kriesberg (Massachusetts Association of Community Development Corporations), Latifa Ziyad (MACDC); Joanne McKenna, Allston-Brighton Community Development Corporation; Jeanne Dubois (Dorchester Bay Economic Development Corporation), Betsy Miesner (DBEDC), Mark Norton (DBEDC); Luz Torres (Jamaica Plain Neighborhood Development Corporation); Michael Kerlin (Nuestra Comunidad), Marcia Thornhill (Nuestra Comunidad)

Economic Development and Industrial Corporation (past and current members)
Bob Baldwin, Doug Herberich, Larry Mammoli, Jerry Rubin, Don Walsh

Main Streets
Emily Haber, Boston Main Streets; Karen O’Connell, Hyde Park Main Streets; Maria Nigro, East Boston Main Streets
Other Public, Private, and Non-Profit Sector Representatives

Steve Adams, Pioneer Institute; Alix Cantave, Local Initiatives Support Corporation; Rick Feldman, Charlestown Developer; Brian Gilmore, Associated Industries of Massachusetts; Andrew Hargens, Massport; James F. Klocke, Greater Boston Chamber of Commerce; David Lee, Stull & Lee; David Soule Metropolitan Area Planning Council; Susan St. Pierre, Ft. Point Associates

Other Cities

Baltimore
Zach Hall, Paul Taylor, Dominic Wiker, Lois Yates

Cleveland
Bob Bertsch, Brian Dedrick, Kevin Schmotzer

Kansas City
Joe Egan, Al Figuly, Bob Lengenkamp, Andi Udris, Jim White

St. Paul
Sean Kershaw, Lorrie Louder, Paula Zirbes

San Francisco
Gwyneth Borden, Hala Hajazi

Seattle
Susan Dehlendorf, Dave Gering, Nathan Torgelson, Ben Wolters
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