

The Future of Andover, Massachusetts: Demographic Change, Housing, and Economic Prospects

Town of Andover “Economic Summit”

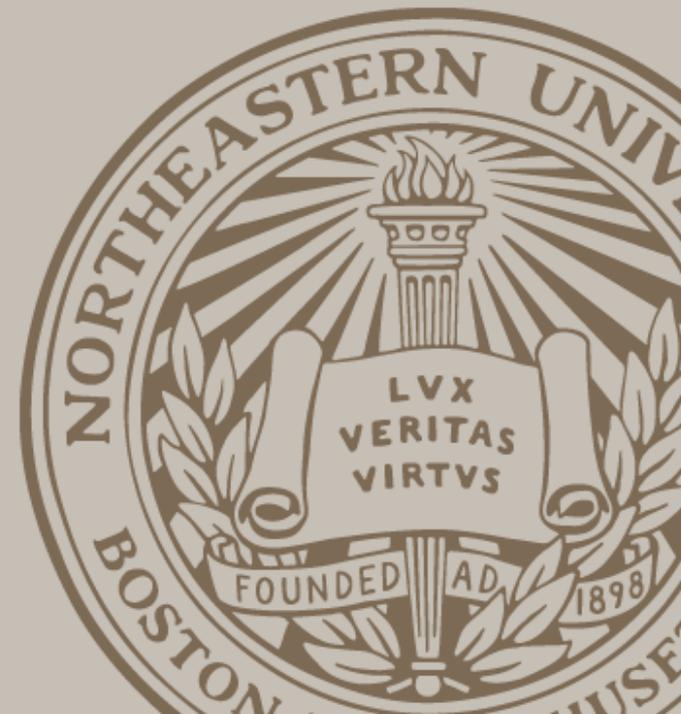
November 20, 2013

Barry Bluestone, Director

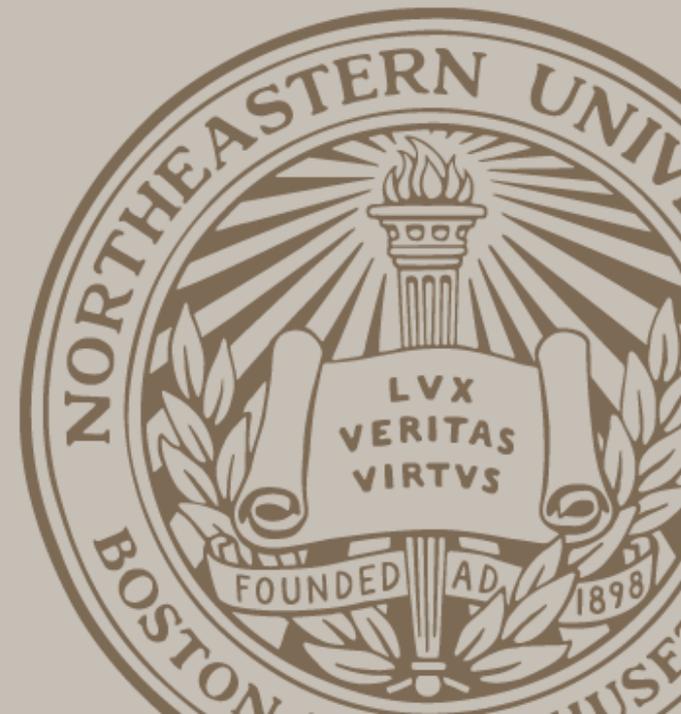
Dukakis Center for Urban & Regional Policy

Northeastern University
School of Public Policy & Urban Affairs
www.northeastern.edu/dukakiscenter

A “Think and Do” Tank

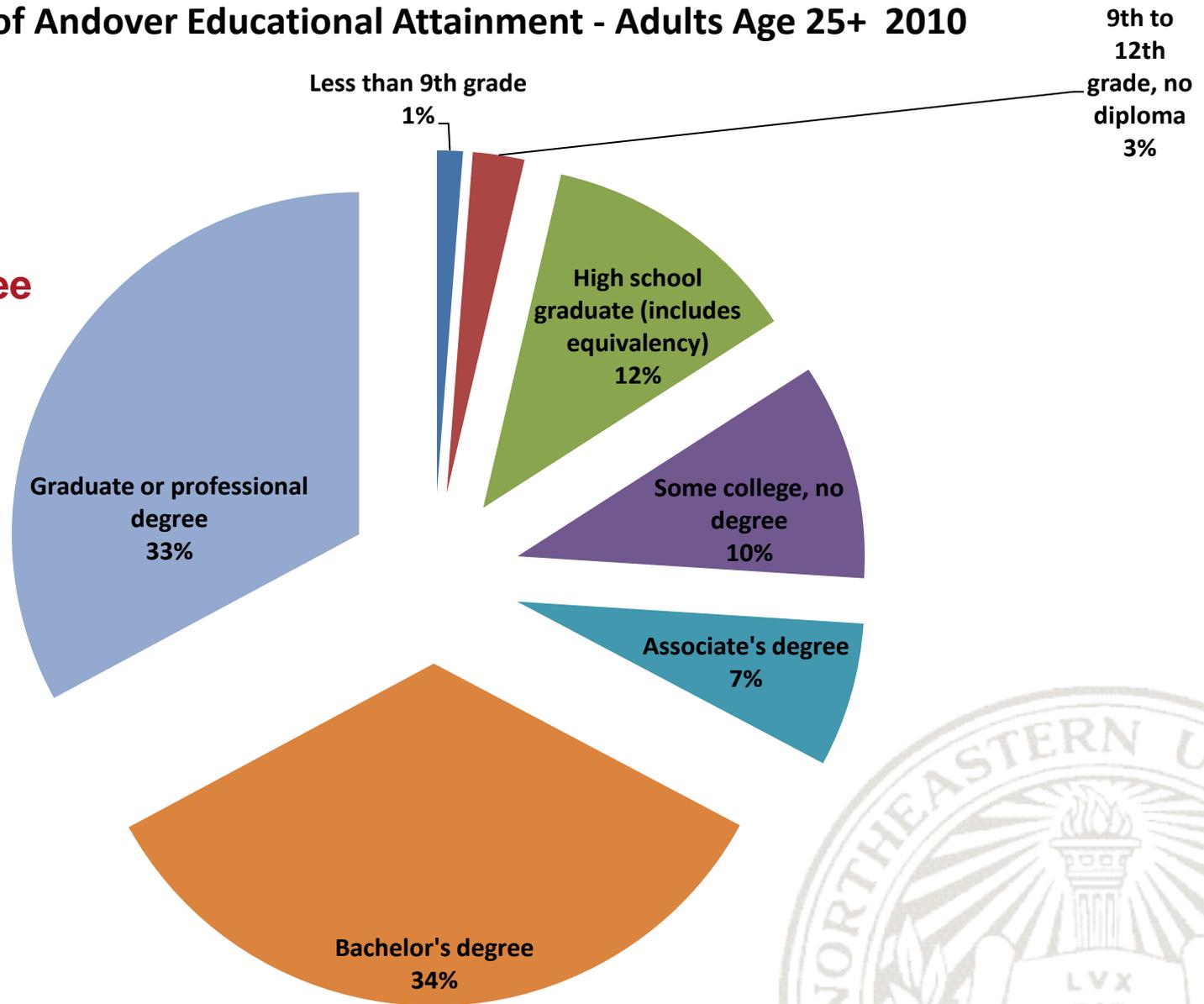


Andover Today

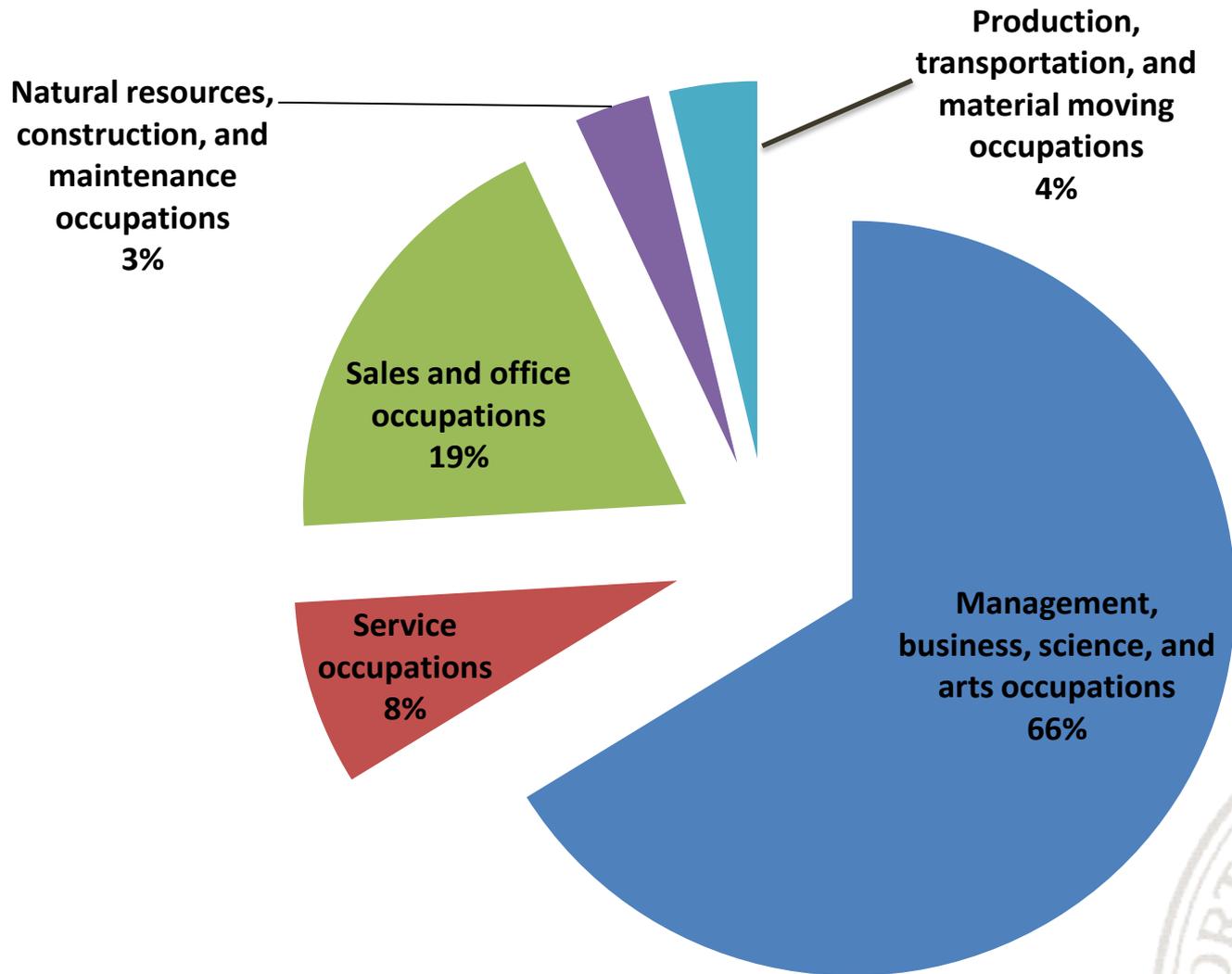


Town of Andover Educational Attainment - Adults Age 25+ 2010

**2/3 of Andover
has at least
a College Degree**



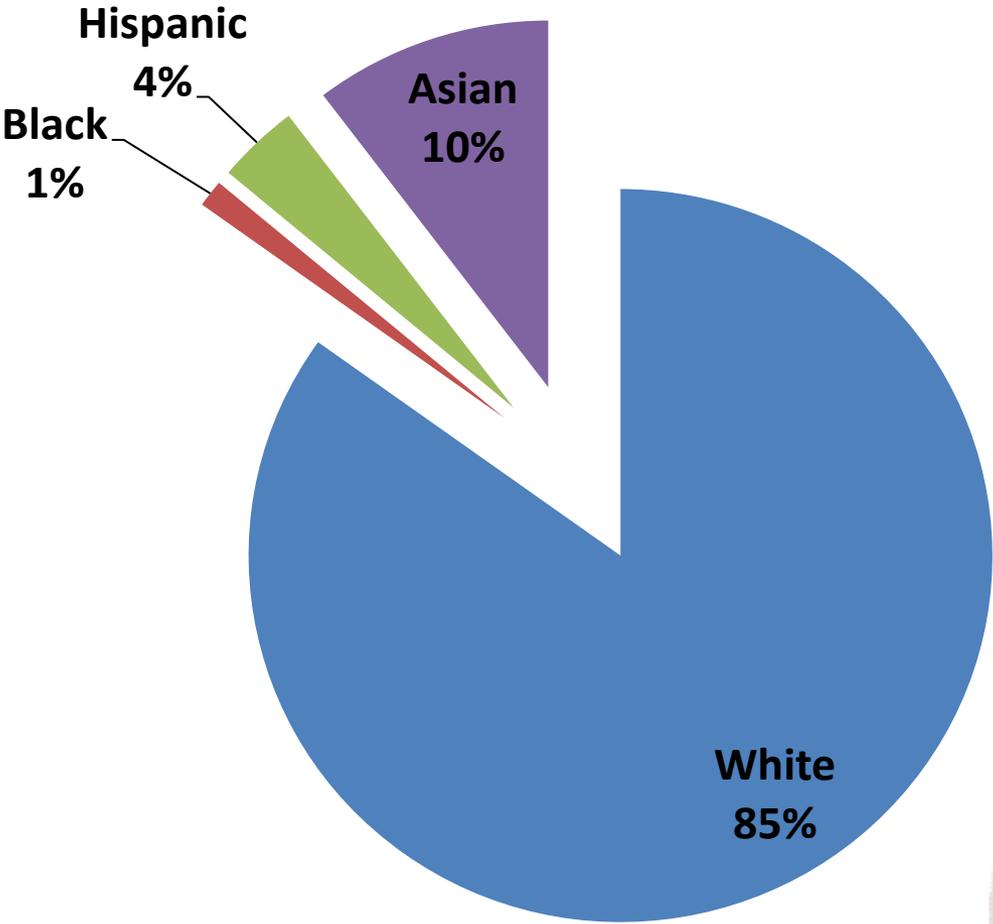
Town of Andover - Occupational Distribution 2010



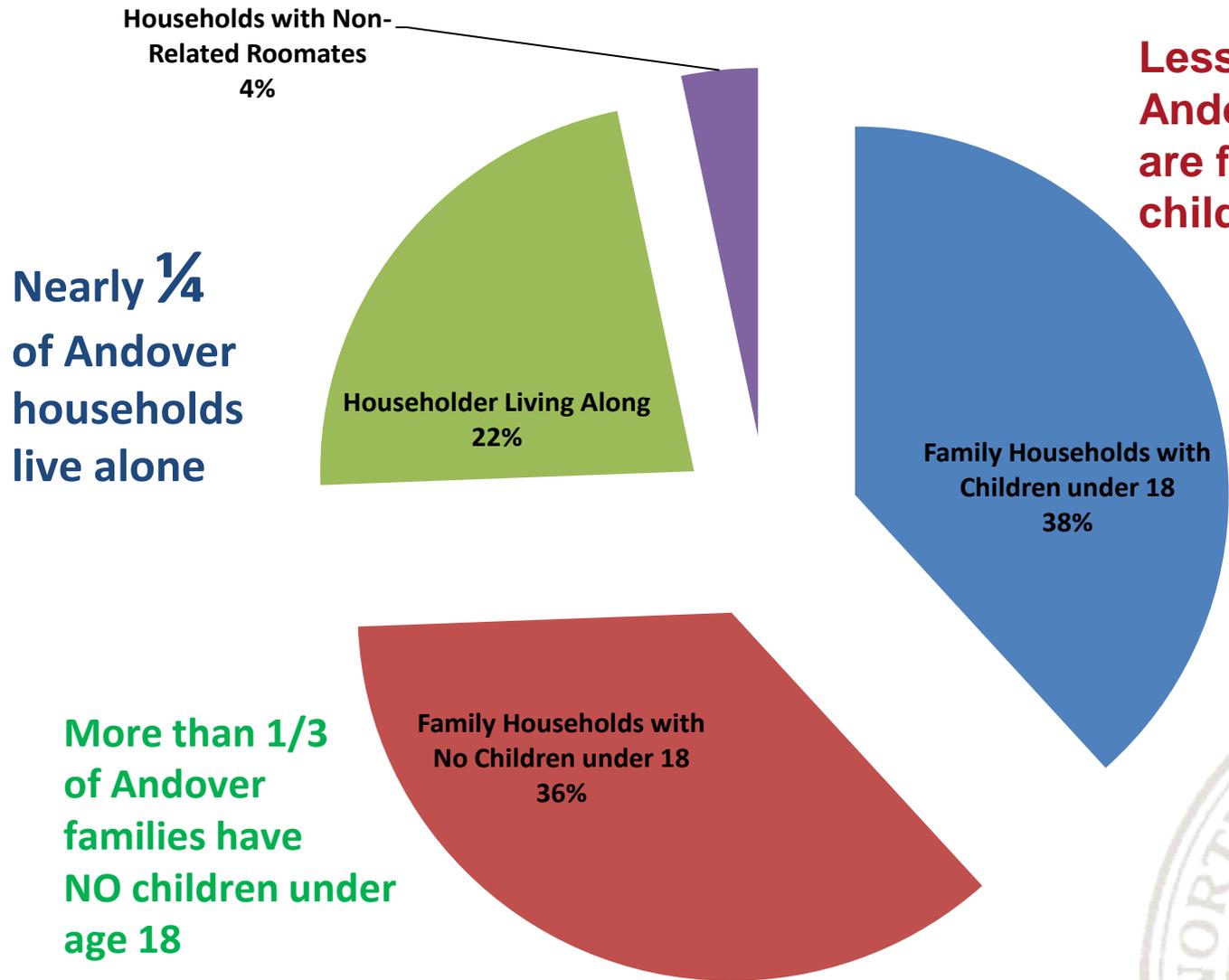
2/3 of Andover works in Management, Business, Science, or the Arts



**Town of Andover
Racial & Ethnic Composition
2010**

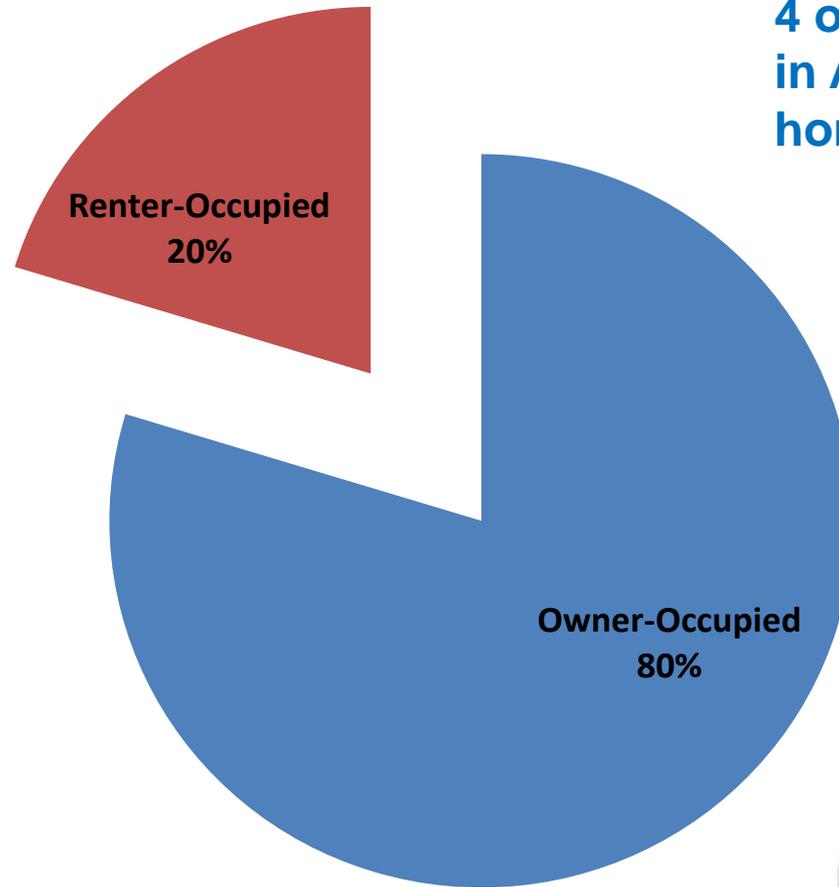


Town of Andover Type of Household 2010

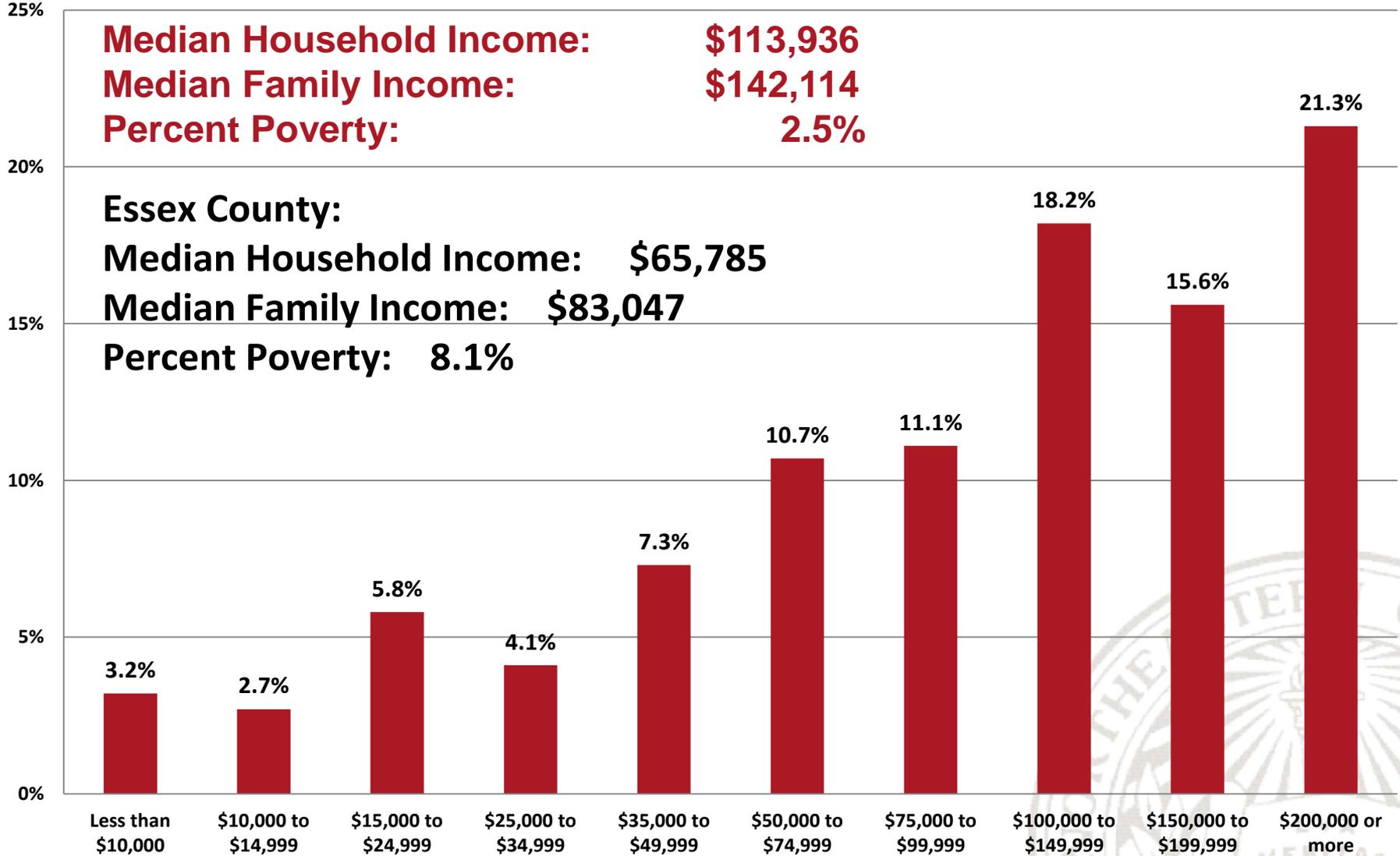


Town of Andover Housing Tenancy 2010

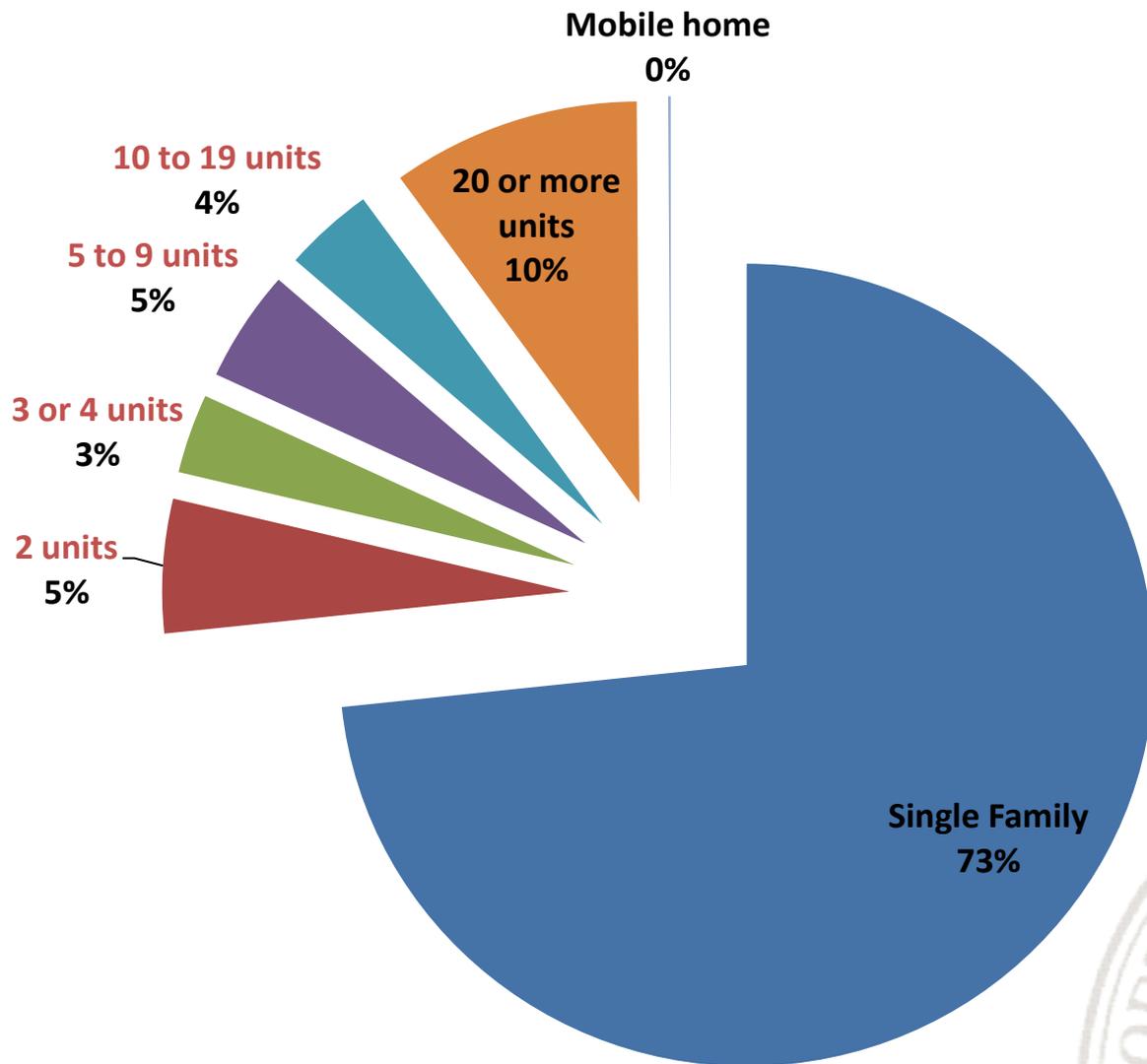
**4 out of 5 households
in Andover are
homeowners**



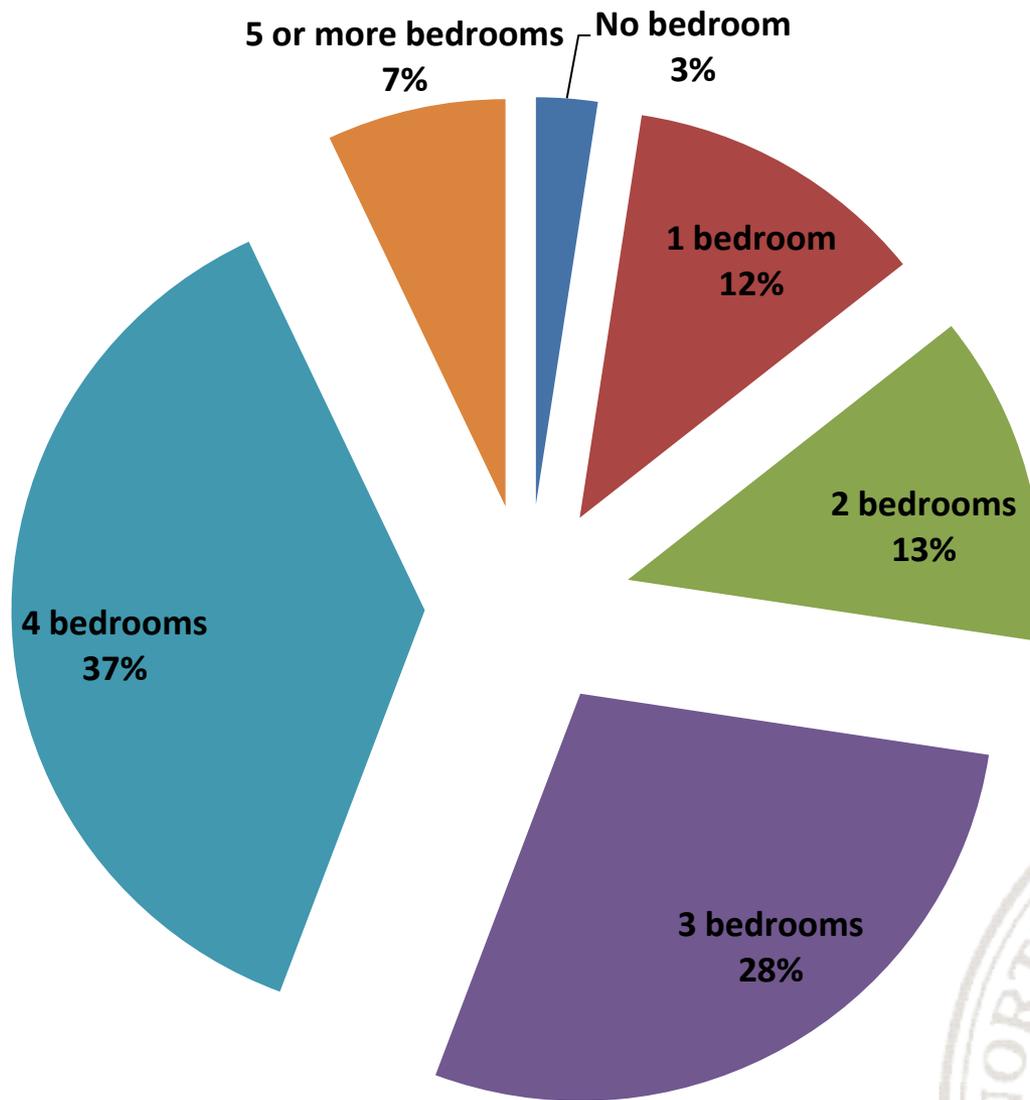
Town of Andover - Household Income Distribution 2010



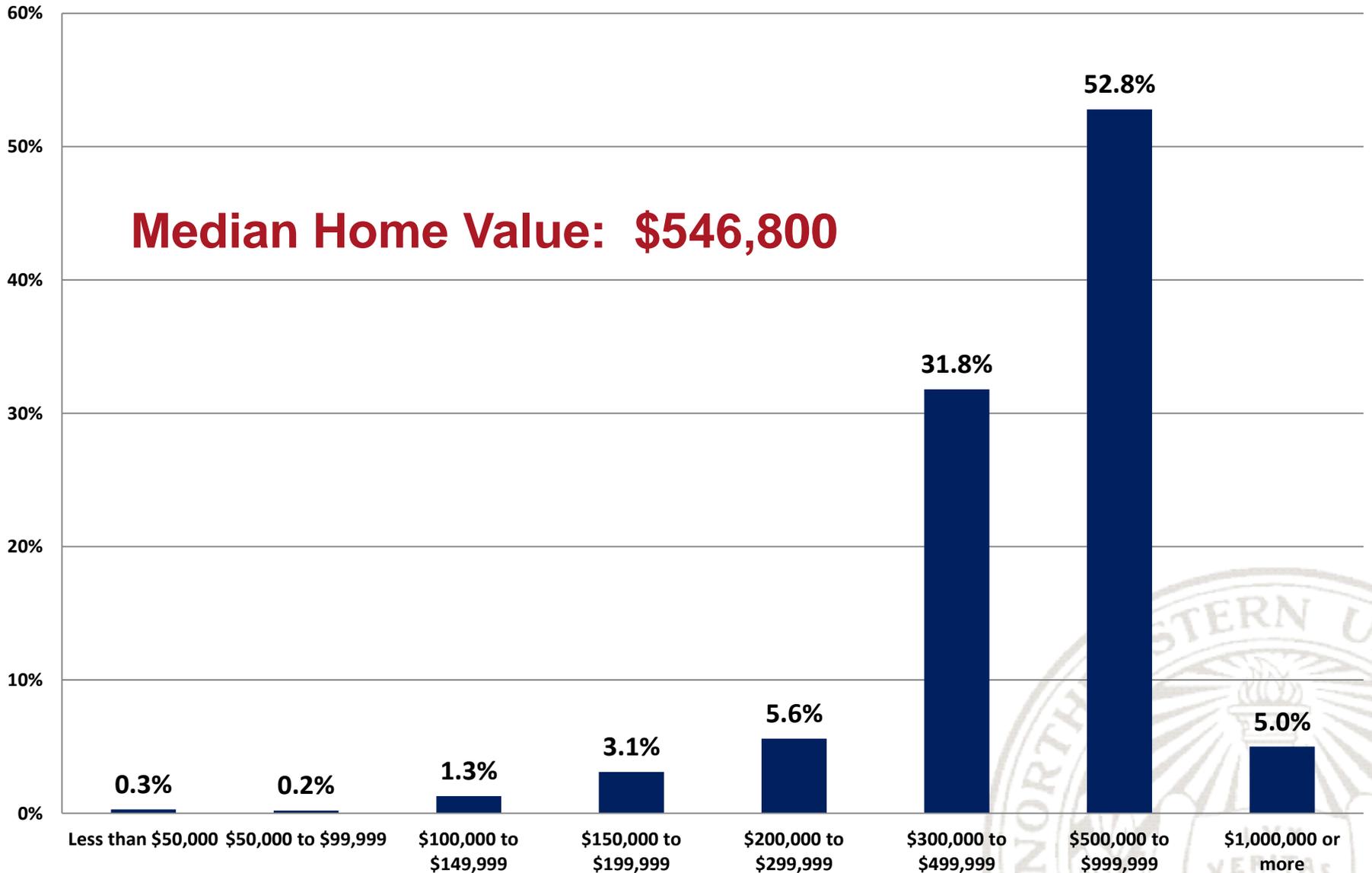
Town of Andover - Type of Housing Stock 2010



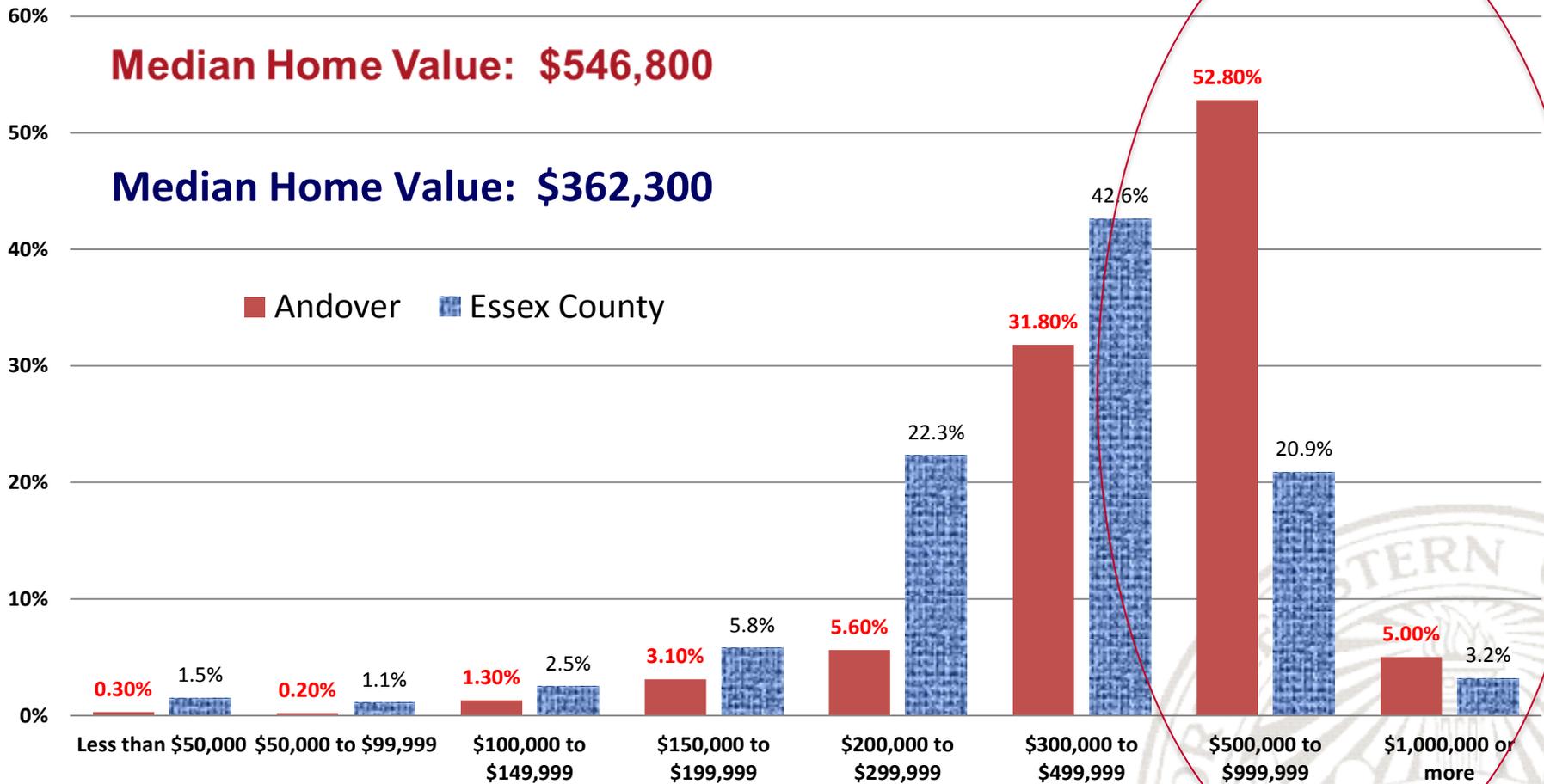
Town of Andover - Number of Bedrooms 2010



Town of Andover - Housing Values (2007-2011)

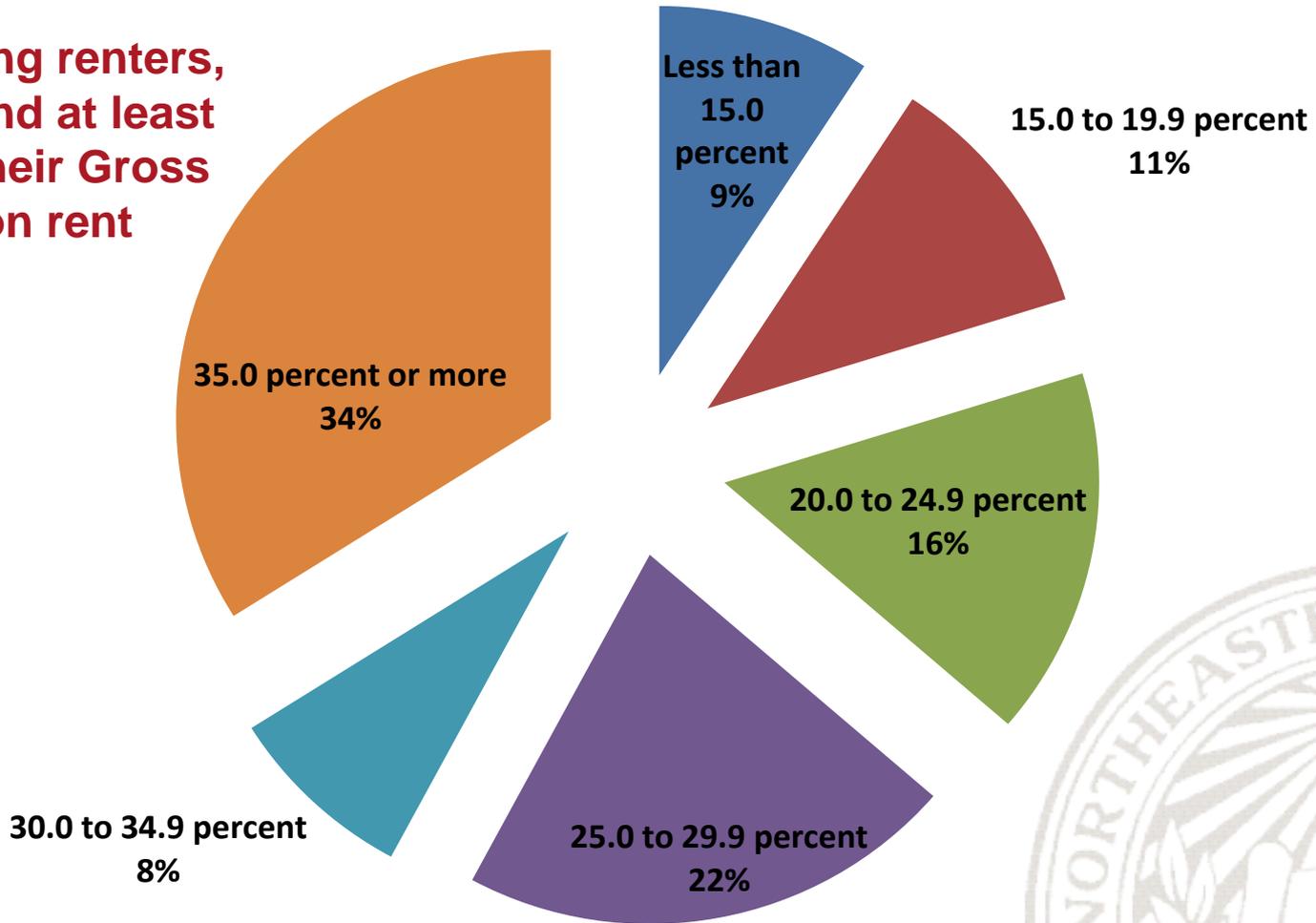


Housing Values Town of Andover vs. Essex County (2007-2011)



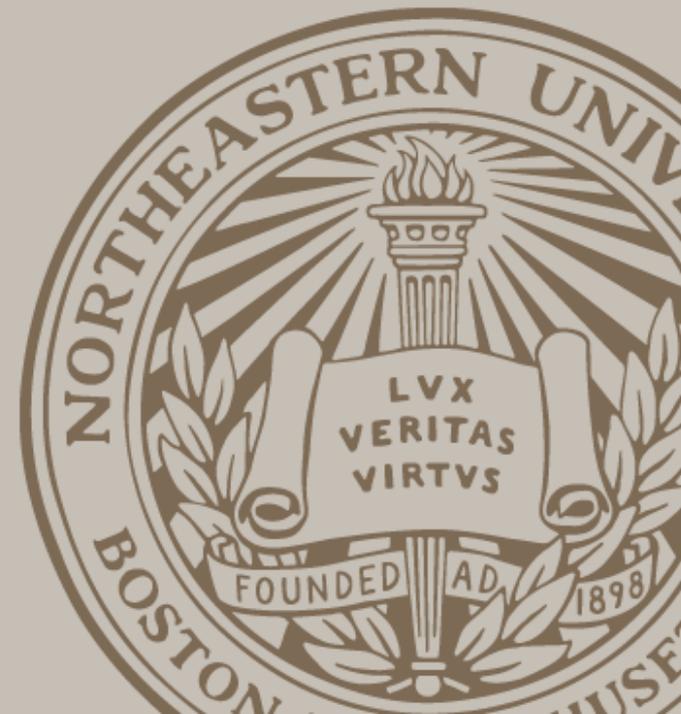
Town of Andover - Percent of Gross Income Paid in Monthly Rent (2007-2011)

**But among renters,
42% spend at least
30% of their Gross
Income on rent**

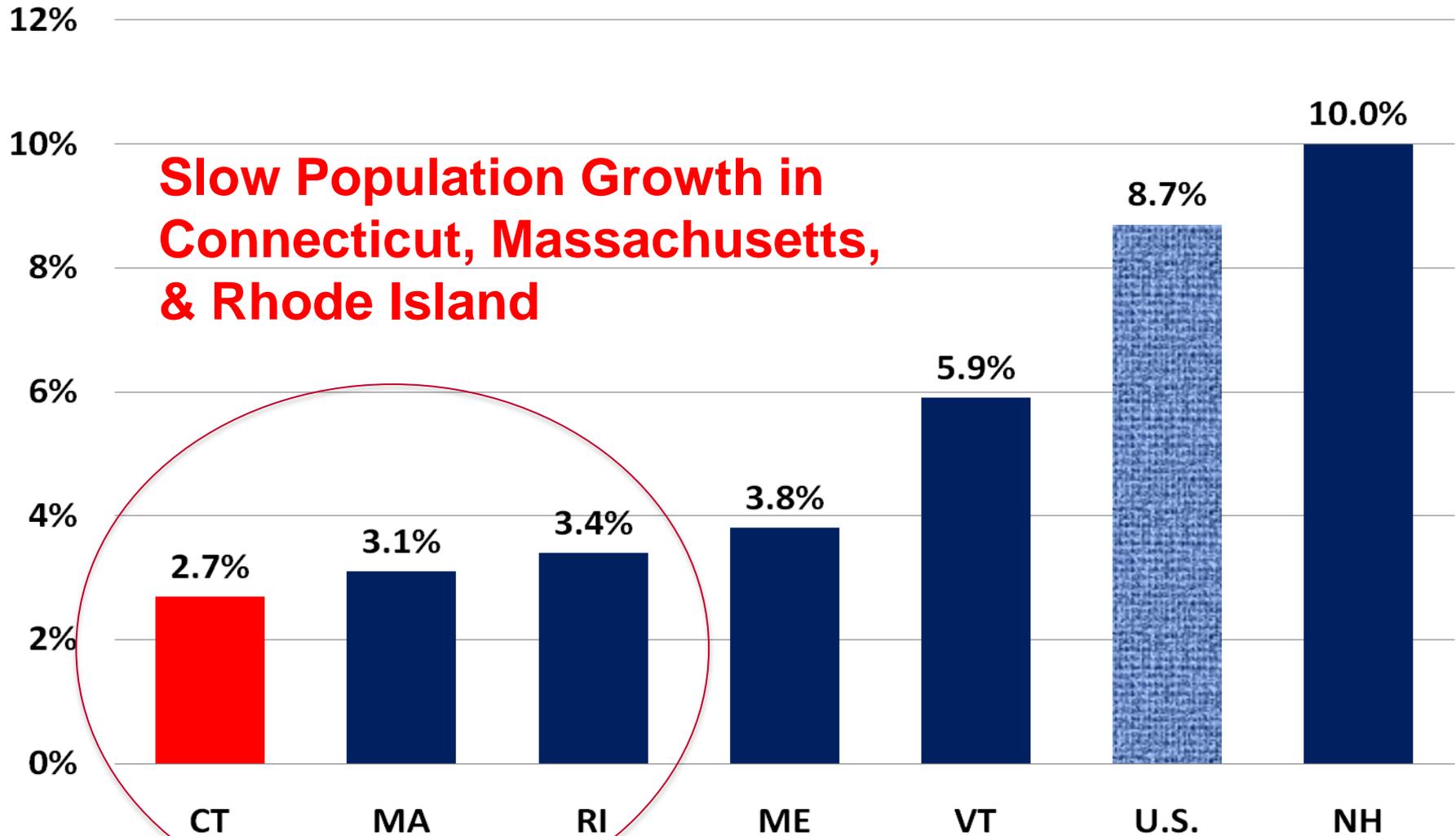


Andover Tomorrow

First a look at New England



Projected Population Growth 2010-2020 U.S. vs. New England



Proportion of State's Household Growth accounted for by those Age 55+ 2007-2020

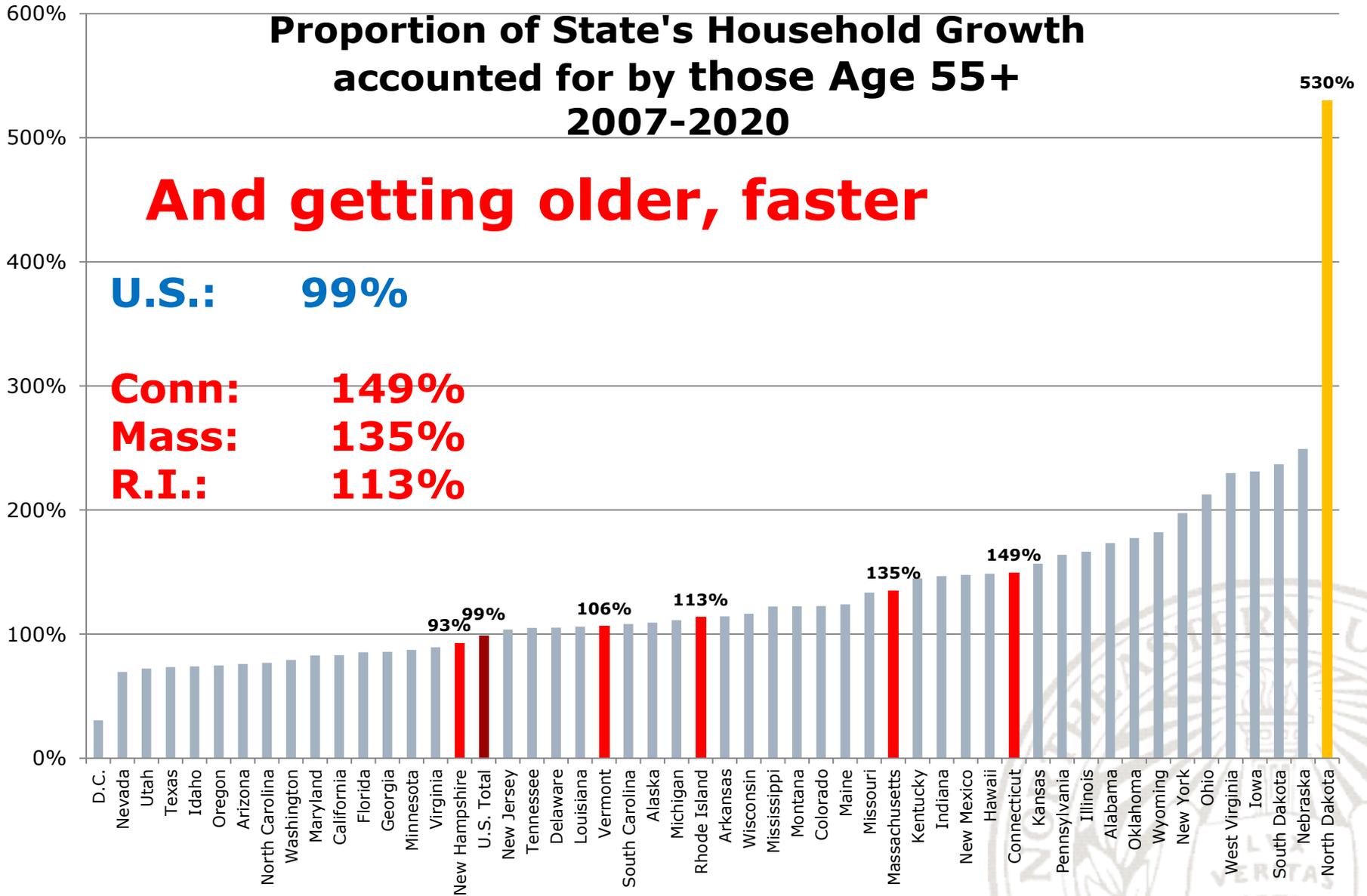
And getting older, faster

U.S.: 99%

Conn: 149%

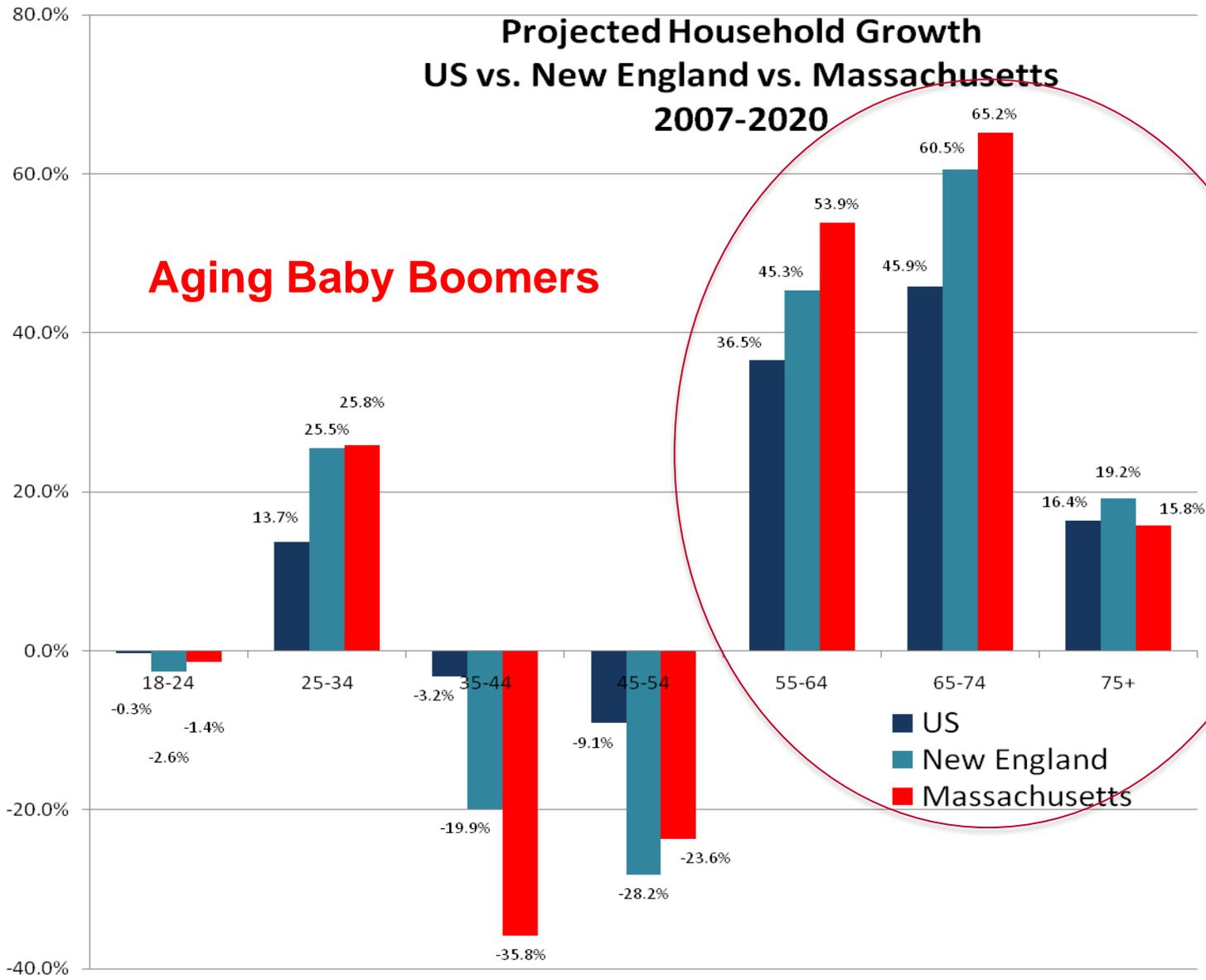
Mass: 135%

R.I.: 113%



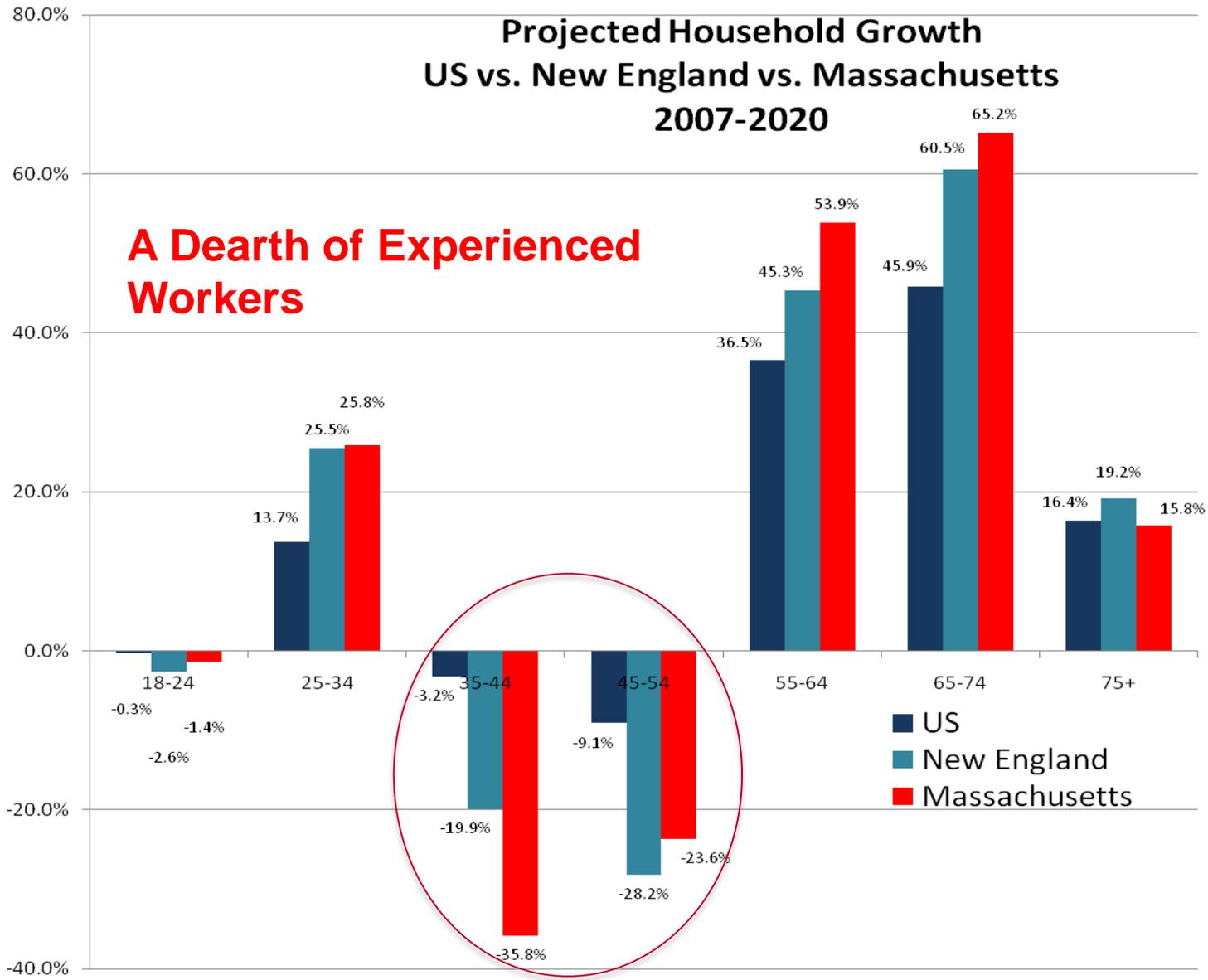
Projected Household Growth US vs. New England vs. Massachusetts 2007-2020

Aging Baby Boomers



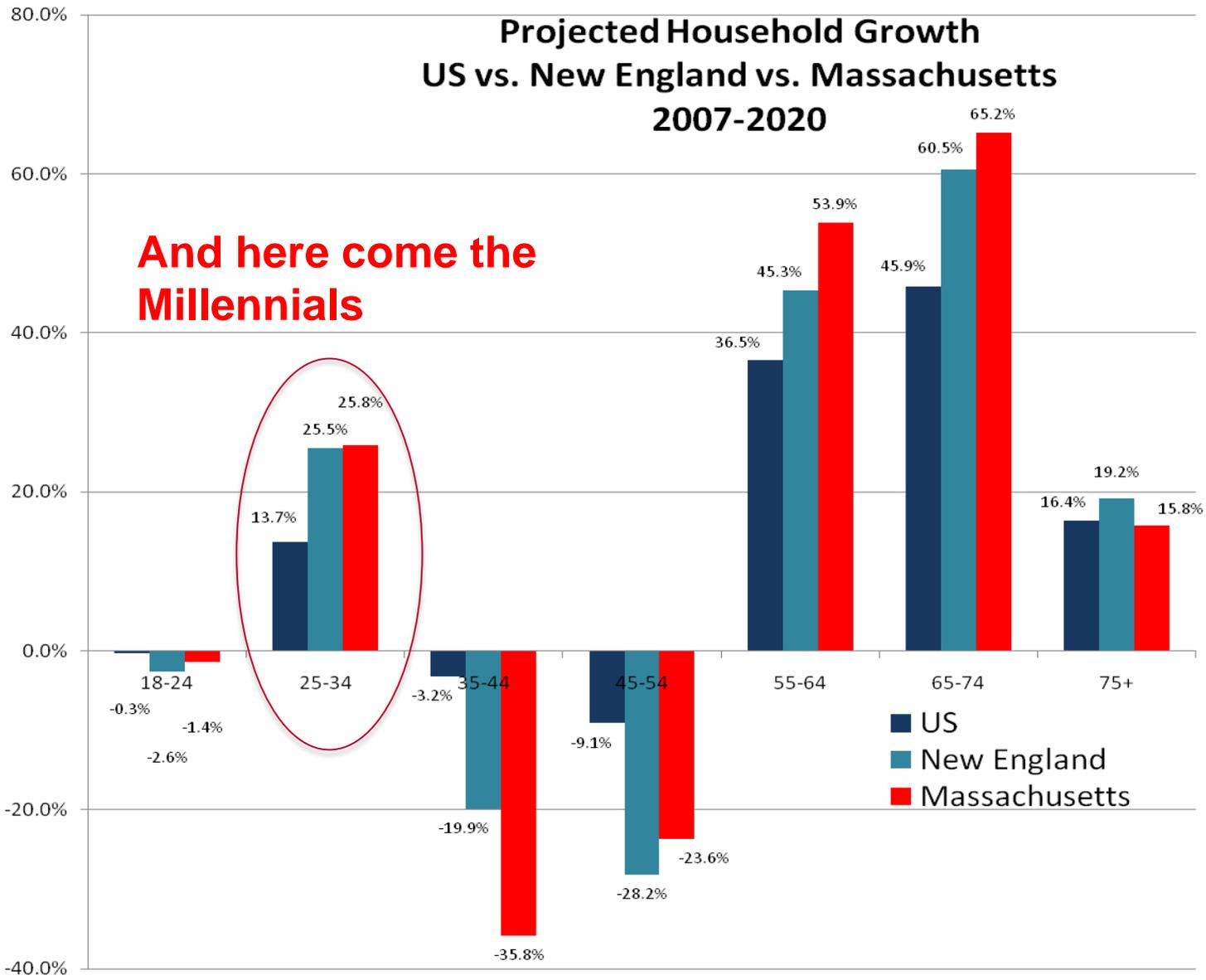
Projected Household Growth US vs. New England vs. Massachusetts 2007-2020

A Dearth of Experienced Workers



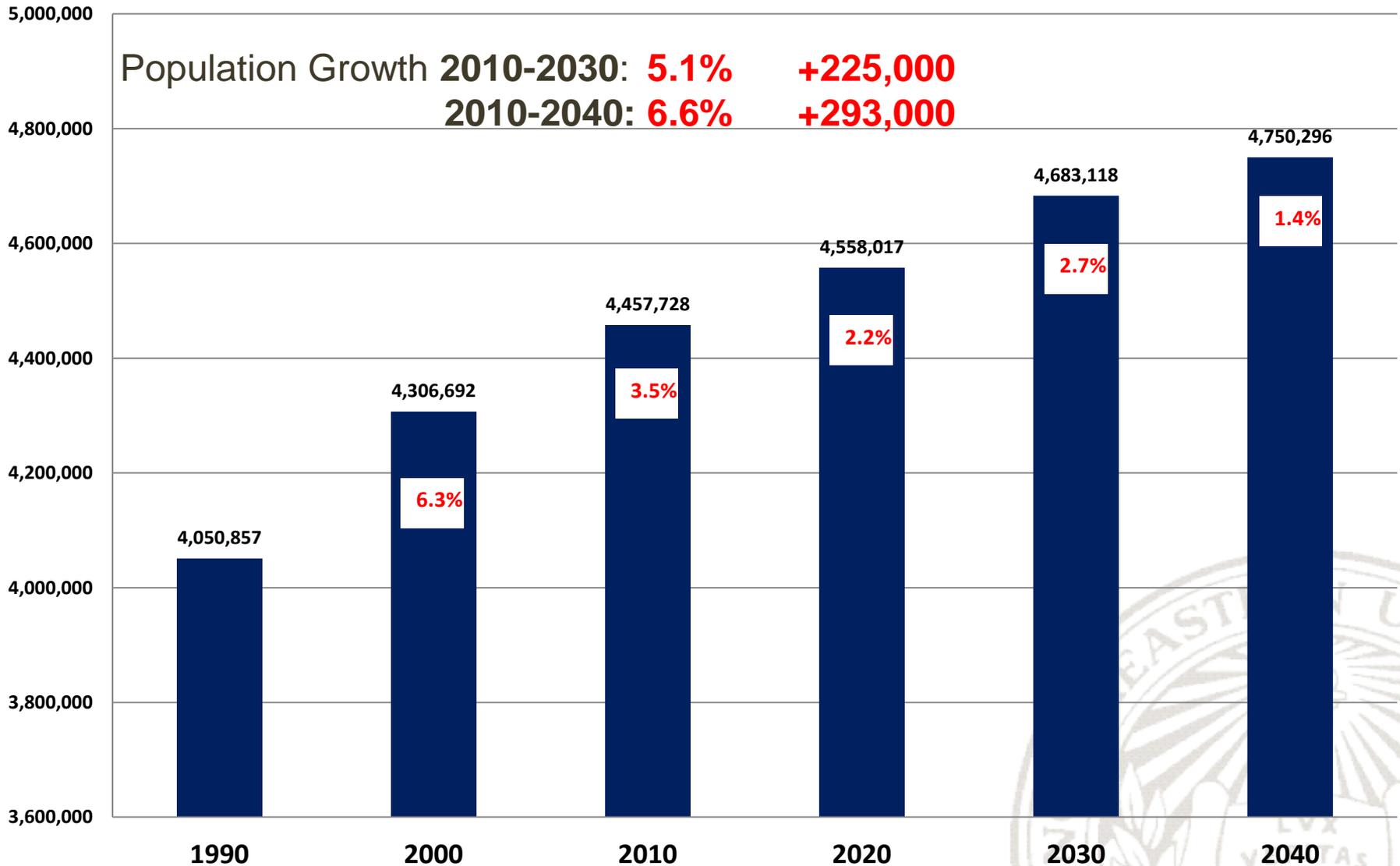
Projected Household Growth US vs. New England vs. Massachusetts 2007-2020

And here come the
Millennials

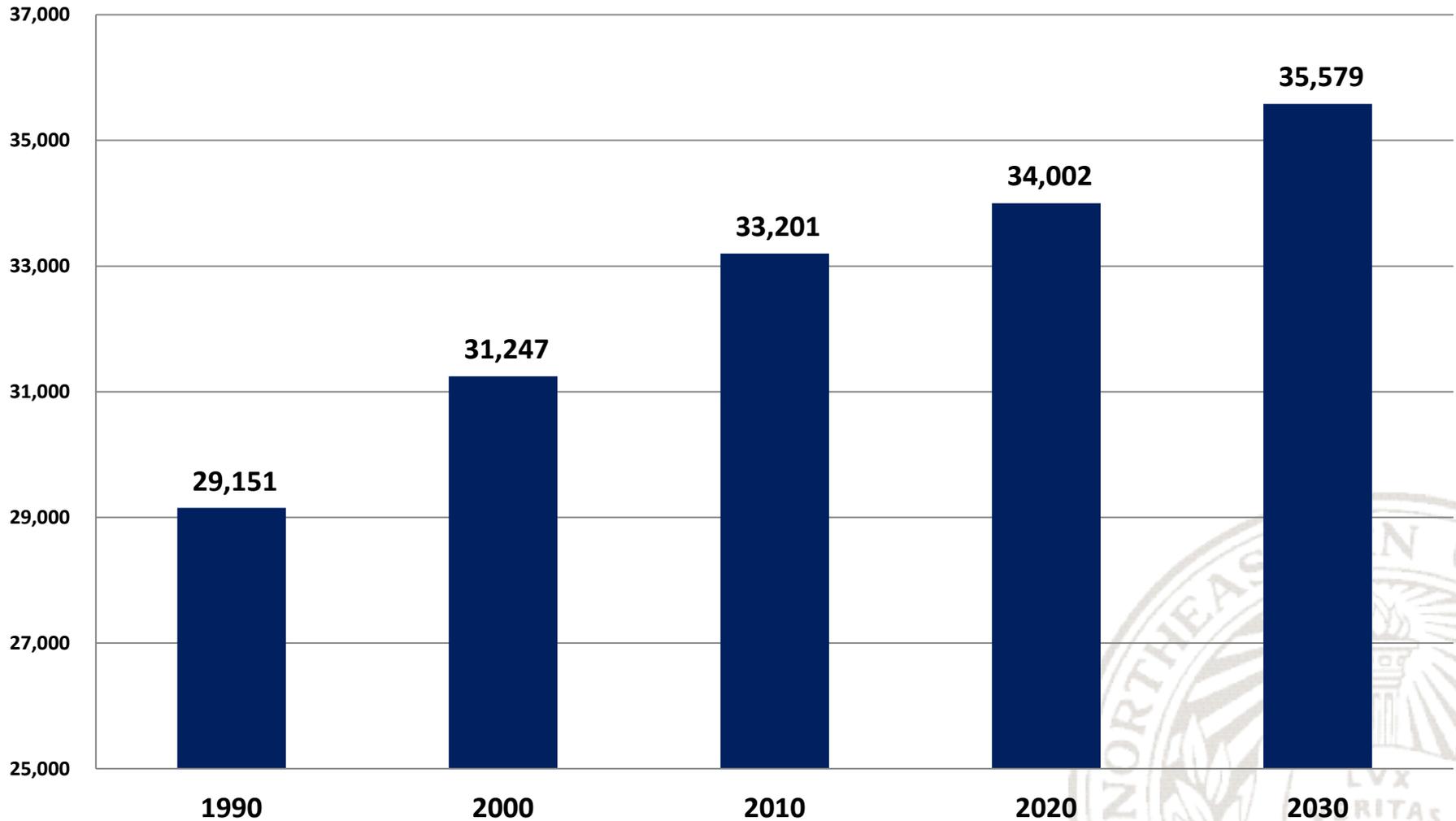


Greater Boston - Population 1990-2040

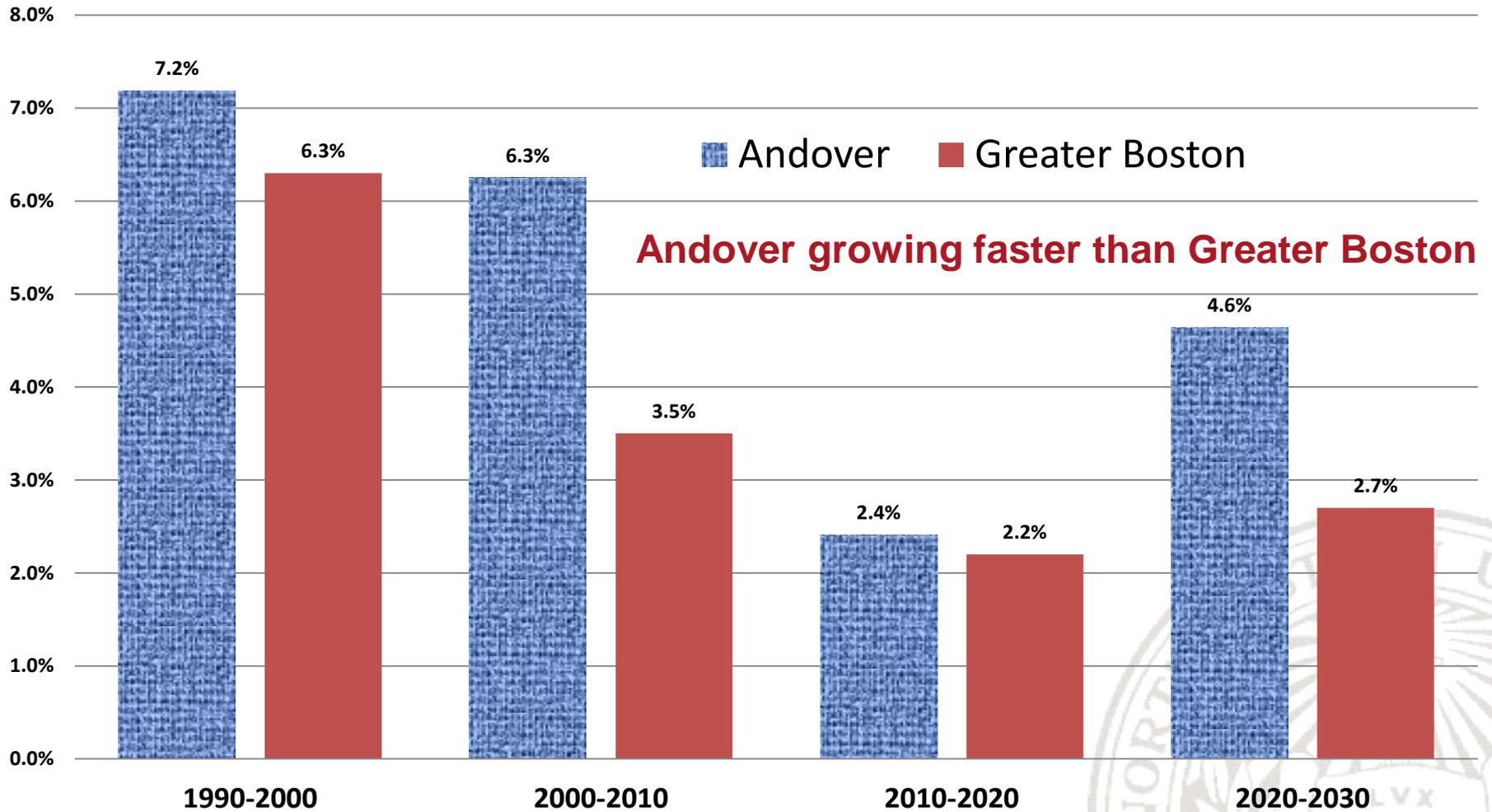
Status Quo Projection



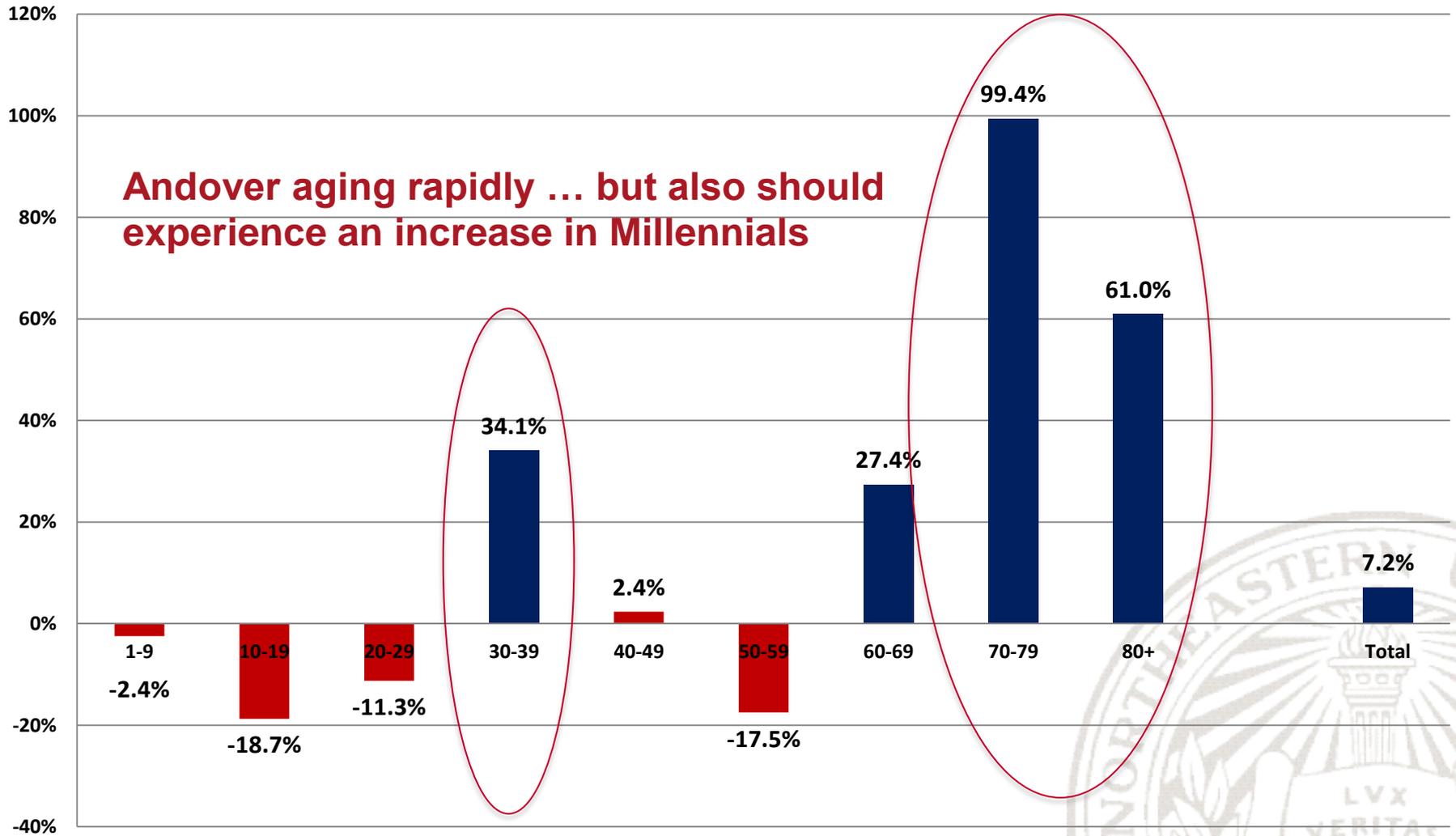
Town of Andover Population Projection 1990-2030



Projected Population Growth Town of Andover vs. Greater Boston 2000-2030

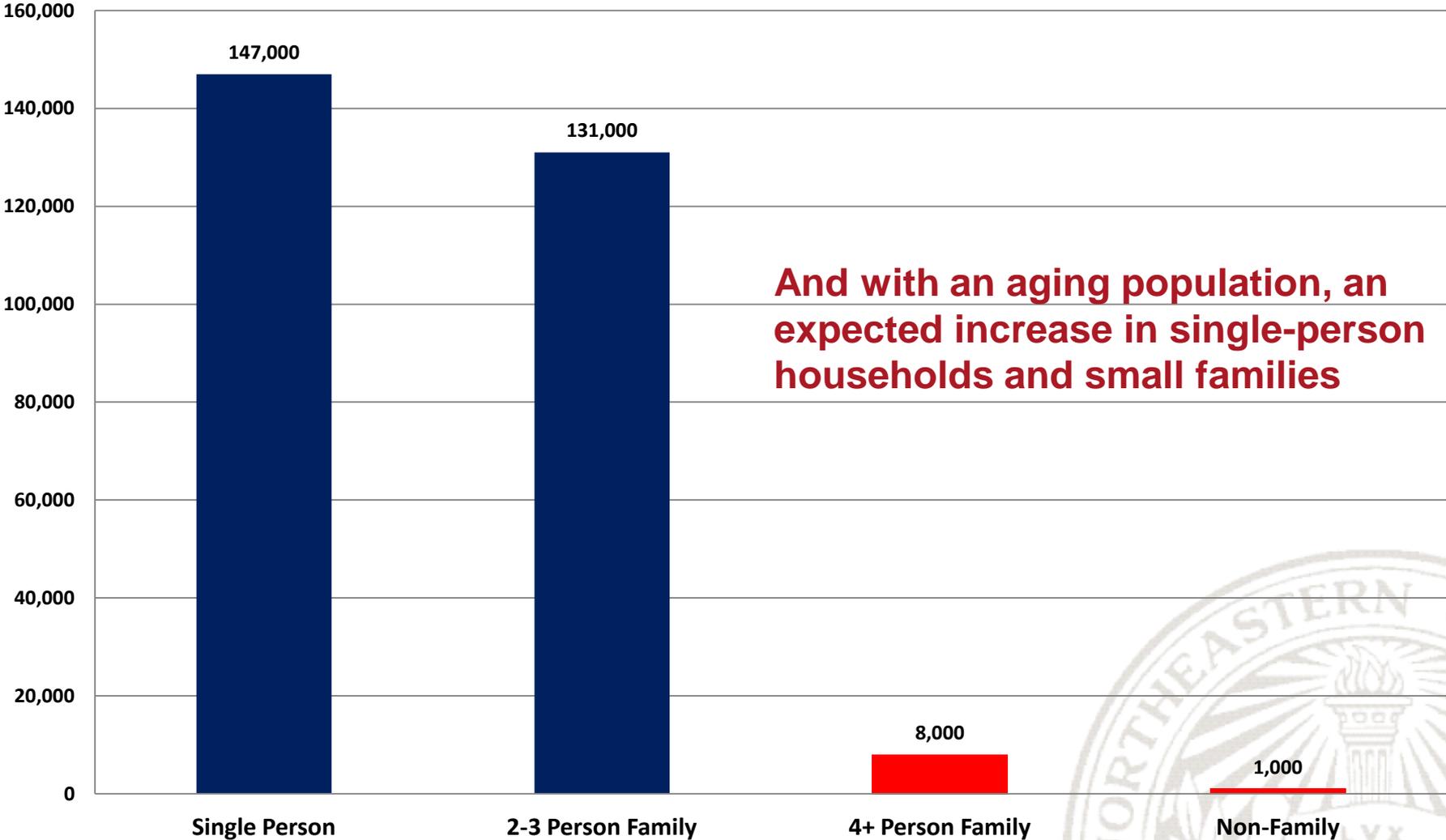


Town of Andover Projected Population Change by Age 2010-2030



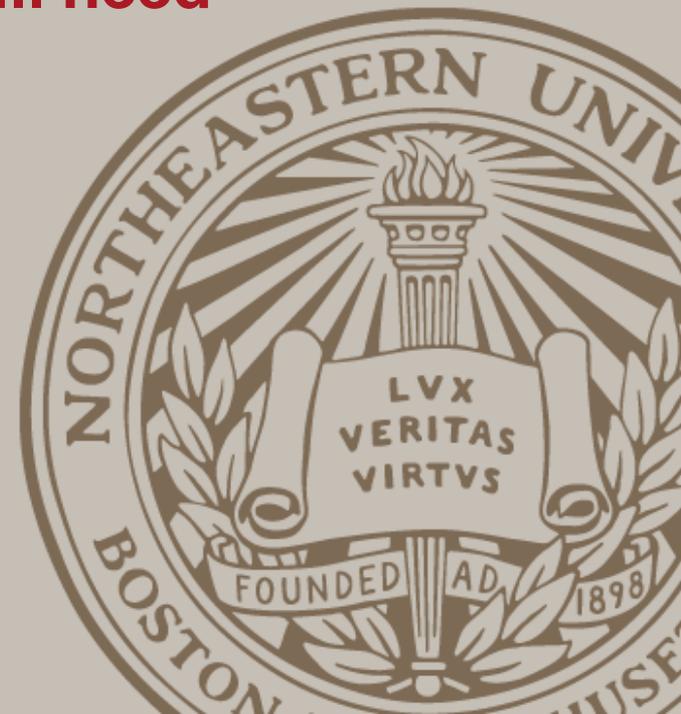
Greater Boston - Households by Type and Size - 2010-2040

MAPC Projection



The Future for Housing in Andover

With these demographics, Andover will need to consider its housing needs



Shift in Housing Demand - Young Households

All of these trends suggest that future demand for housing will very likely require a greater supply of multi-unit housing – both condo and rental – and less single-family housing

Younger households may also wish to live closer to the city or in village centers – less so in far-flung suburbs



Shift in Housing Demand – Aging Baby Boomers

Aging Boomers may wish to “age in place” but not in their current homes

They may wish to remain near friends and familiar local community amenities

As such, they may give up their large single family homes for smaller multi-family housing ... but in the communities where they now live



Shift in Housing Demand – Need for More Affordable Units

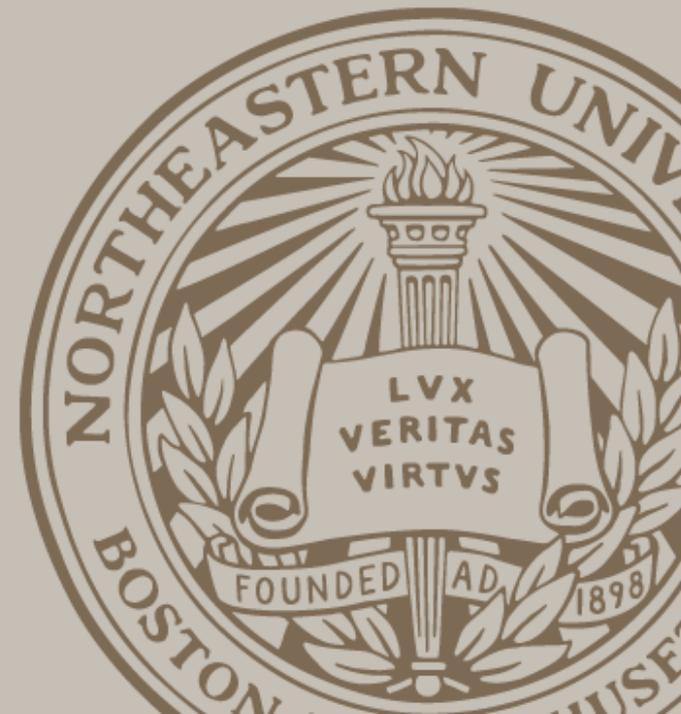
Declining incomes for renter households means we need to find more affordable units or they will face ever larger housing hurdles

This means we need to free up rental housing for low and moderate income families

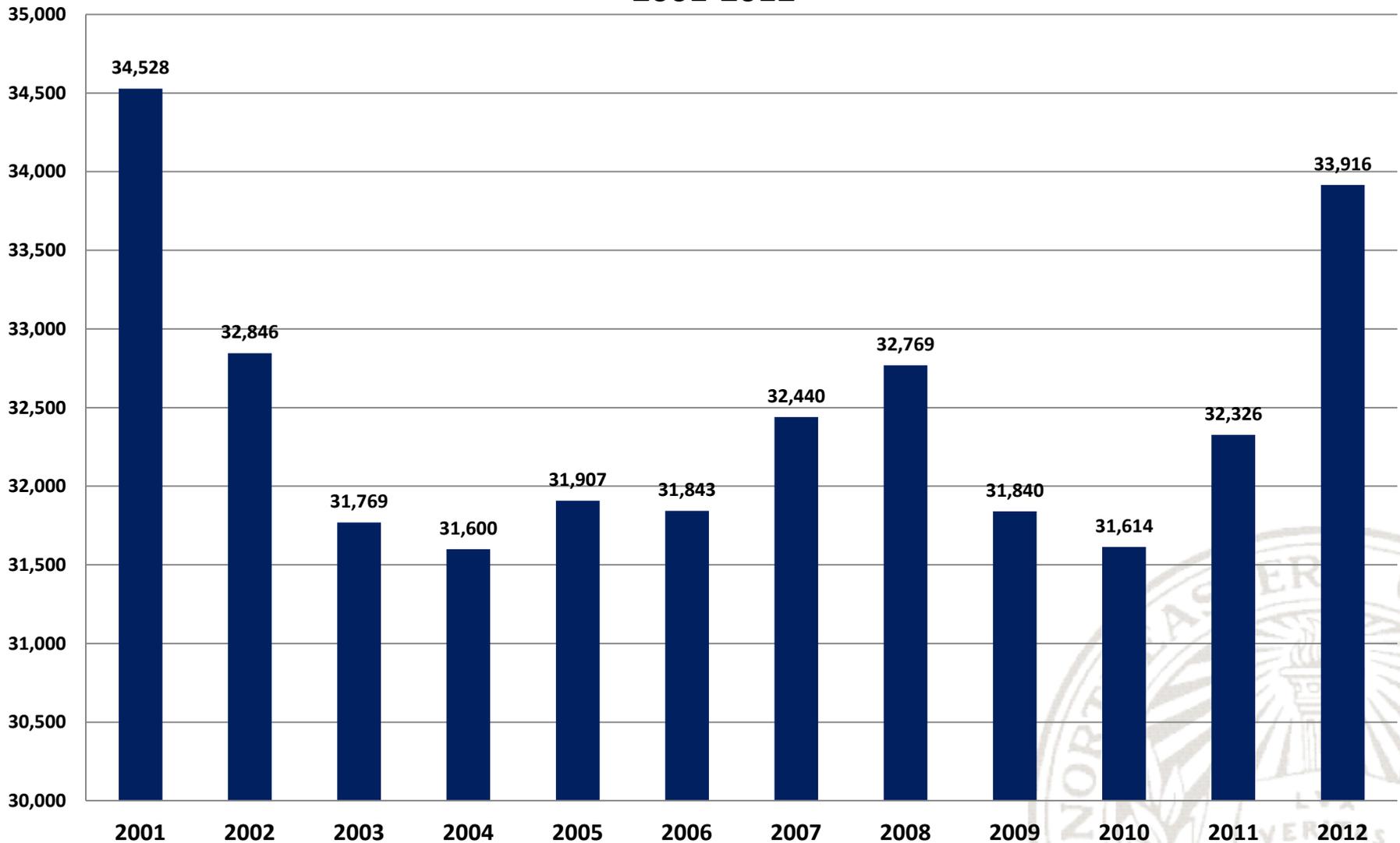
And it means we need to build more affordable units as part of new developments



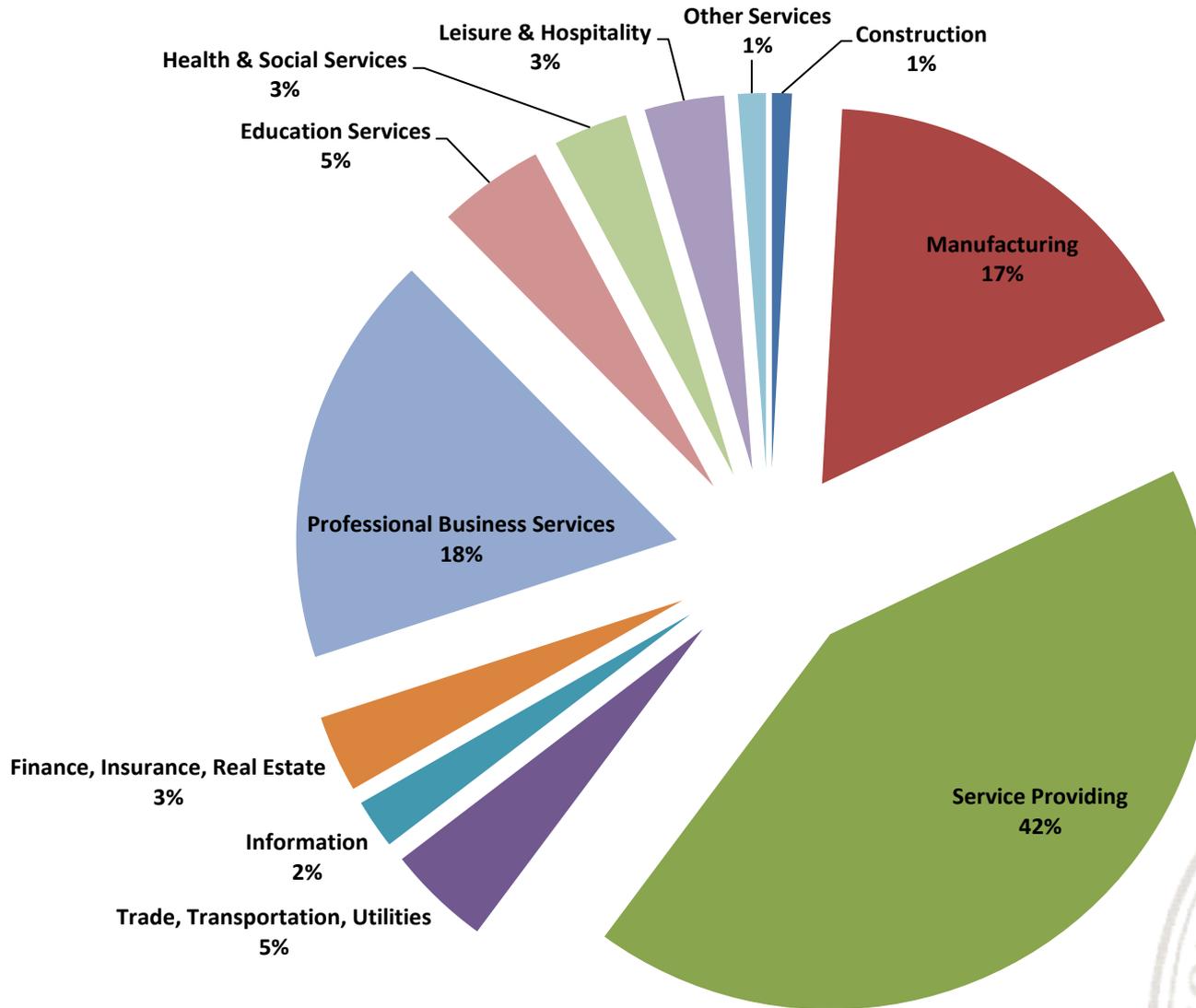
The Economy of Andover



Town of Andover Total Employment 2001-2012



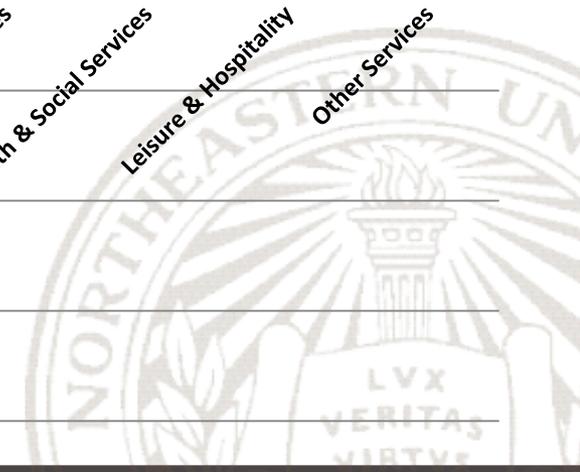
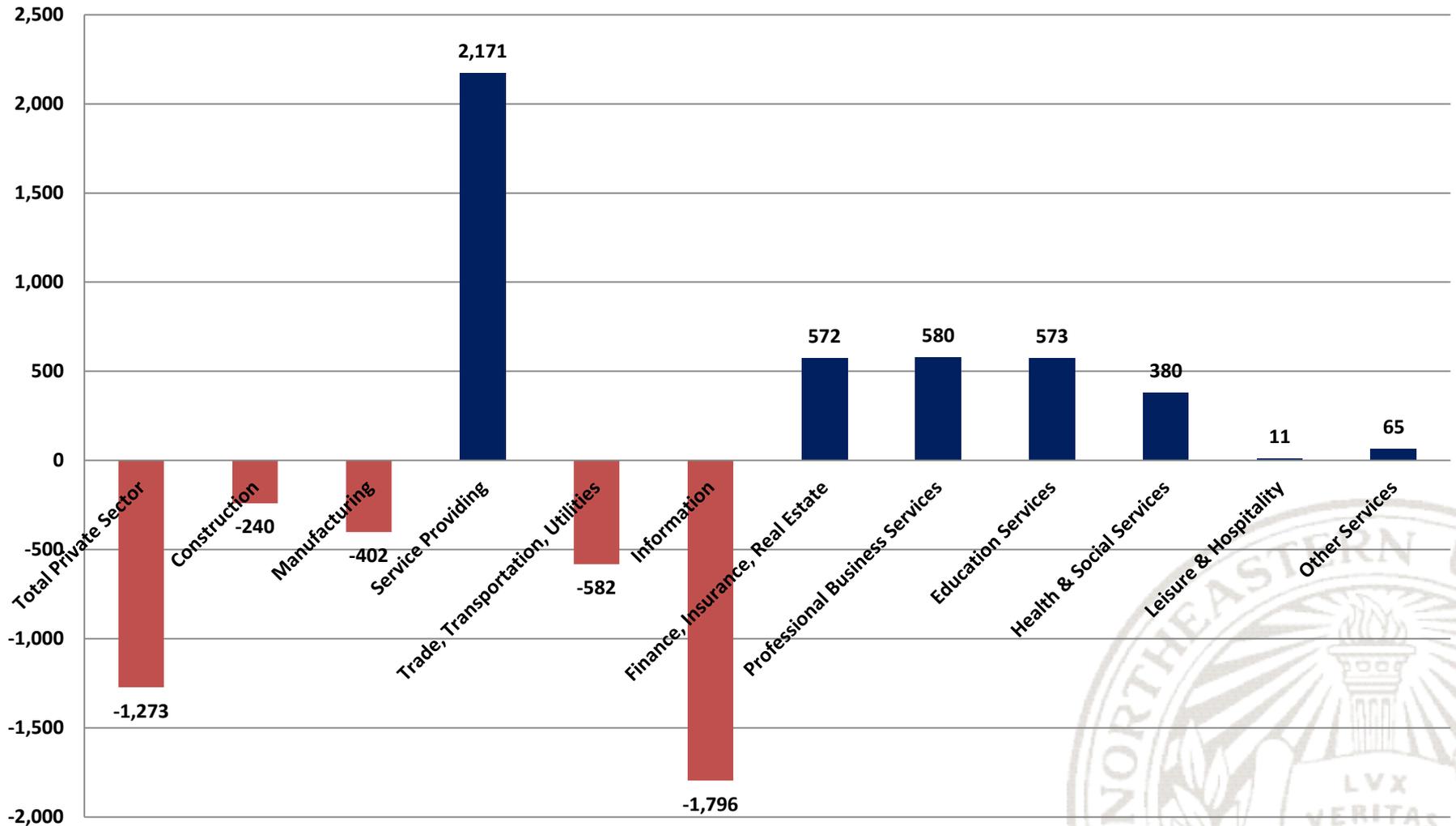
Town of Andover - Employment Distribution 2012



60% of Andover jobs in service industries



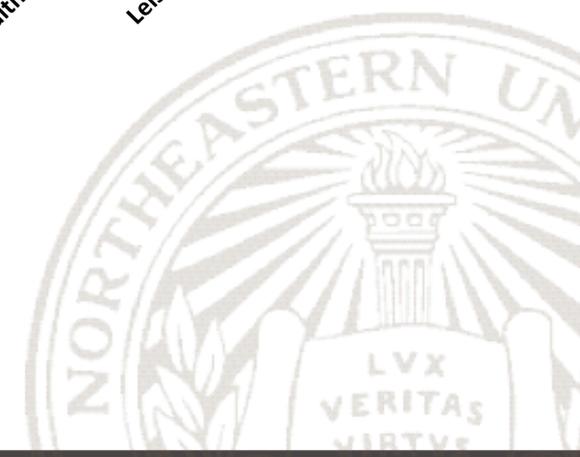
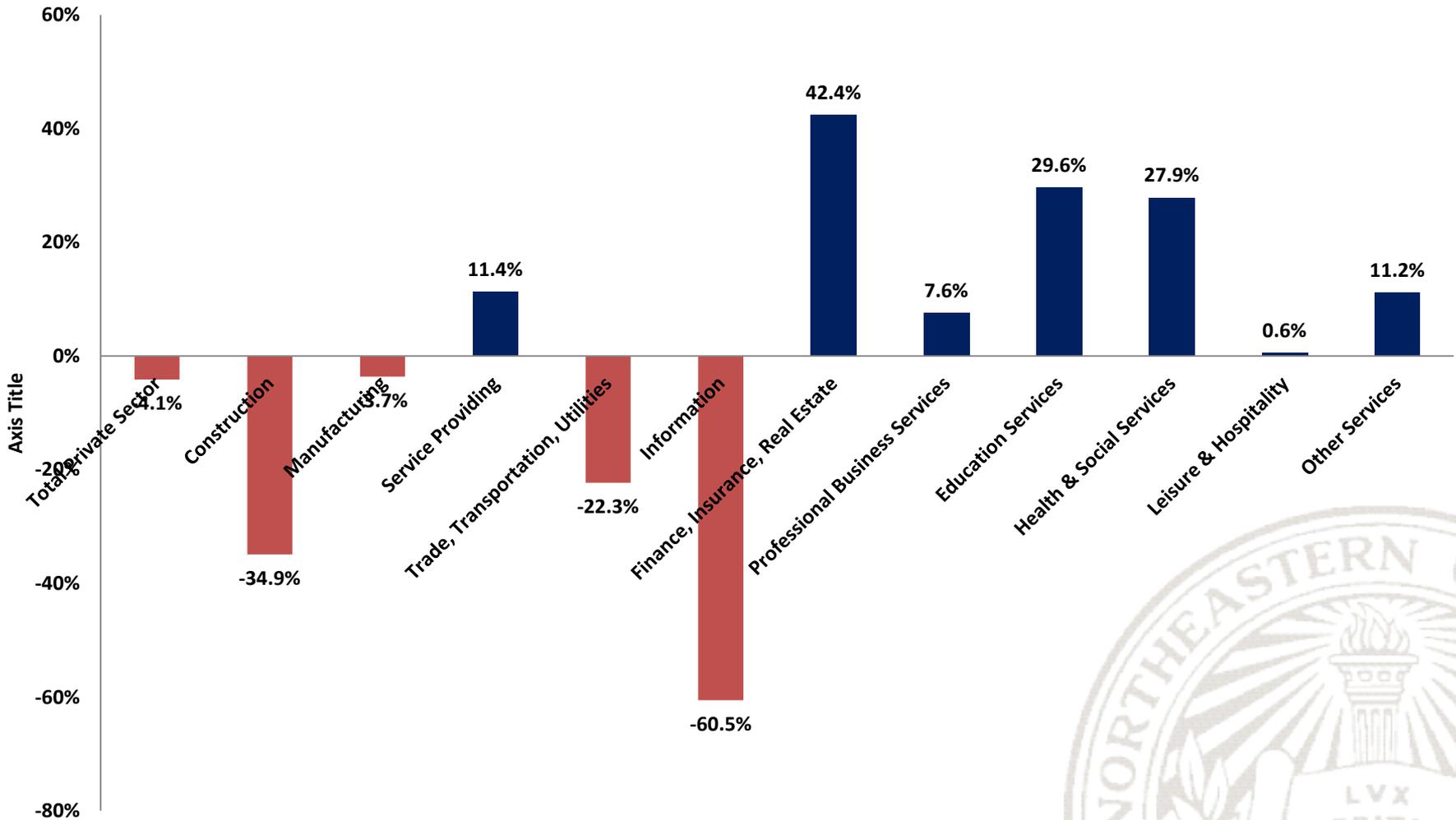
Town of Andover Employment Growth by Industry Sector 2001-2011



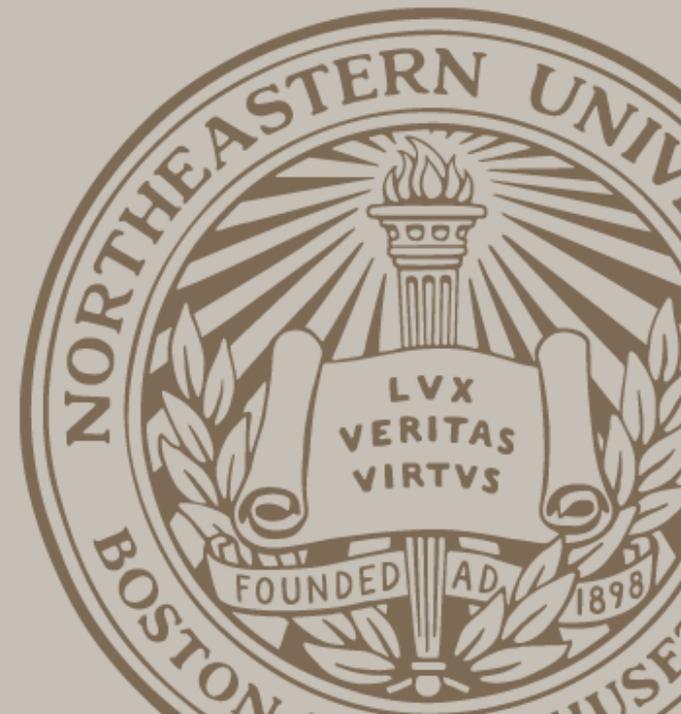
Town of Andover

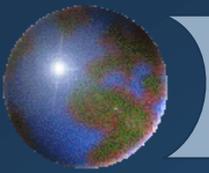
Percent Change in Employment by Industry Sector

2001-2011



Promoting Economic Development in Andover



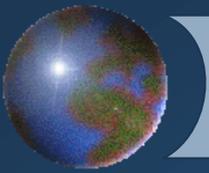


Economic Development is a collaborative
process that builds strong, adaptive
economies
and *requires leadership*

Companies move to municipalities, not states

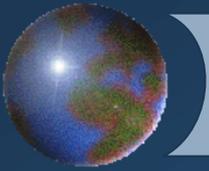
Municipal Officials

must play a critical role in attracting business
investment, jobs, and a strong tax base



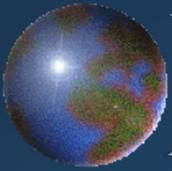
Local Communities on their Own

- ✦ With rising **federal deficits** and a bipartisan drive to cut the federal debt ... and at the same time a call for **tax cuts**, there will be little additional aid to local communities from the federal government



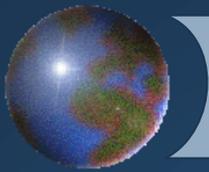
States in Crisis

- ✦ With states facing **structural budget deficits**, local aid from state governments will be in short supply in many states



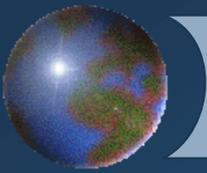
Local Economic Development

- ❖ In this new environment of fiscal constraint, local communities will prosper only if they are successful in finding new sources of revenue ... and the **best way to do this is to attract business enterprise to town**



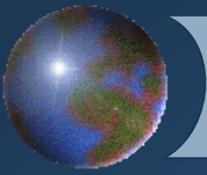
*Be the **CEO** for Economic Development*

- ❖ Municipal leaders must initiate and support the development process
- ❖ Begin by assessing your municipality's strengths and weakness
- ❖ Change what you have **control** over
- ❖ Collaborate with others on what you can **influence**



Fundamental Proposition

Cities and towns have the ability to create their own destiny, and they can benefit from having sophisticated partners who can help them develop tools and information to compete successfully.



Deal Breakers



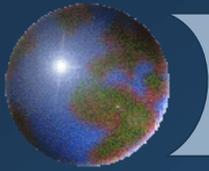
City Self-Assessment



City Action

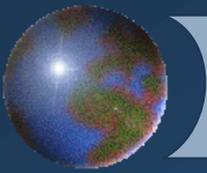


Deal Makers



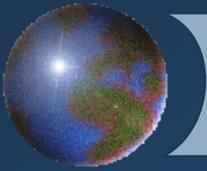
Deal Breakers

- ❖ Ignorance of Changing Market Conditions – “Time to Market”
- ❖ Uncorrected “Cognitive Maps”
- ❖ Too Little Attention to Site Deficiencies
- ❖ Slow Municipal Processes
- ❖ Too much reliance of Tax Breaks



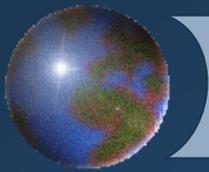
Economic Development Self-Assessment Tool (EDSAT)

- ✦ **EDSAT assists municipal officials in combining resources** to better market their communities and respond to inquiries from firms, developers, and location specialists.
- ✦ **EDSAT assists cities in making their websites more attractive** to business by providing the information that businesses need to know in order to make rational decisions about locations.



Development of EDSAT

- ✦ We surveyed corporate real estate and development professionals on location decisions
 - NAIOP (National and Massachusetts Chapter)
 - CoreNet Global
- ✦ Based on the NAIOP/CoreNet survey the Economic Development Self-Assessment Tool (EDSAT) for municipal leaders was created



Sample

NAIOP

CoreNet

Project type selected

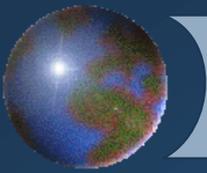
General Industrial	40.0%
Commercial / Profess.	38.8%
Mixed-use	8.8%
R& D Facility	5.0%
Retail	5.0%
Manufacturing	2.5%

Office / Headquarters	68.5%
Manufacturing	10.4%
Retail	10.4%
Mixed-use	5.7%
R&D Facility	2.8%
Distribution / Warehouse	1.9%

Geographic area in which do most of work

Pacific	18.9%
Middle Atlantic	18.9%
South Atlantic	18.9%
East North Central	8.8%
International	7.6%
East South Central	6.3%
West North Central	6.3%
New England	5.0%
West South Central	5.0%
Mountain	3.8%

International	38.3%
Pacific	32.7%
Middle Atlantic	28.0%
West South Central	21.4%
East North Central	20.5%
South Atlantic	19.6%
New England	19.6%
West North Central	15.8%
East South Central	15.8%
Mountain	11.2%



NAIOP/CoreNet Survey Categories

- ⊕ Permitting Processes
- ⊕ Labor
- ⊕ Development and Operating Costs
- ⊕ Business Environment
- ⊕ Transportation and Access
- ⊕ Quality of Life/Social Environment

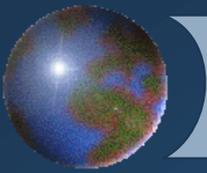
Survey Results

Mean Scores for All Factors (1 = Very Important; 4= Unimportant)

Factor	Mean
Onsite parking for employees	1.51
Rental rates	1.55
Availability of appropriate labor	1.57
Access to airports / major highways*	1.63*
Timeliness of approvals / appeals	1.70
Quality / capacity of infrastructure	1.75
Competitive labor costs	1.78
Traffic congestion	1.79
Property taxes	1.83
State tax / financial incentives**	1.83**
Crime rate in the area	1.84
Fast track / concurrent permitting	1.84
Access to major highways**	1.85**
Local tax / financial incentives	1.87
Land costs	1.87
Predictability / clarity of permitting	1.88
Undesirable abutting land use	1.89
Physical attractiveness of area	1.95
State tax rates**	1.96
Municipal rep. as good place to work	1.97

Factor	Mean
Municipal rep. as good place to live	2.03
Municipal rep. for economic dev.	2.03
Zoning by right	2.09
Proximity to restaurants / shops	2.10
Public transportation	2.15
Cost of housing for employees	2.15
Complementary business svcs**	2.16
Critical mass of similar firms	2.20
Access to airports**	2.21
Quality of local schools	2.21
Awareness of brownfields	2.24
Permitting ombudsman	2.32
Awareness of strong neighborhood orgs	2.37
Customized workforce training	2.49
Availability of sports/cultural/recreational opps	2.62
Proximity to research/universities	2.66
Informative municipal website	2.75
Strong trade unions	2.82
Access to railroads**	2.84
Municipal minimum wage law	3.00

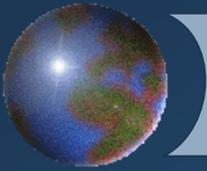
* Question asked in NAIOP survey only. **Question asked in CoreNet survey only.



*When asked what they thought was
most critical, they said...*

- ✦ Proximity to major highways, airports, and transportation routes
- ✦ Rents, land costs, and lease costs
- ✦ Availability of appropriate labor pool
- ✦ Permitting, approvals, and appeals processes
- ✦ Amenities and services nearby
- ✦ Pro-business/development friendly city

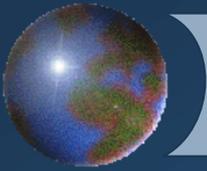
...consistent with our survey results



The Self-Assessment Tool (EDSAT)

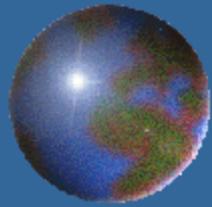
The self-assessment tool includes sections on:

- 1. Access to Customers/Markets**
- 2. Concentration of Businesses and Services (Agglomeration)**
- 3. Cost of Land (Implicit/Explicit)**
- 4. Labor**
- 5. Municipal Process**
- 6. Quality of Life (Community)**
- 7. Quality of Life (Site Amenities)**
- 8. Business Incentives**
- 9. Tax Rates**
- 10. Access to Information**



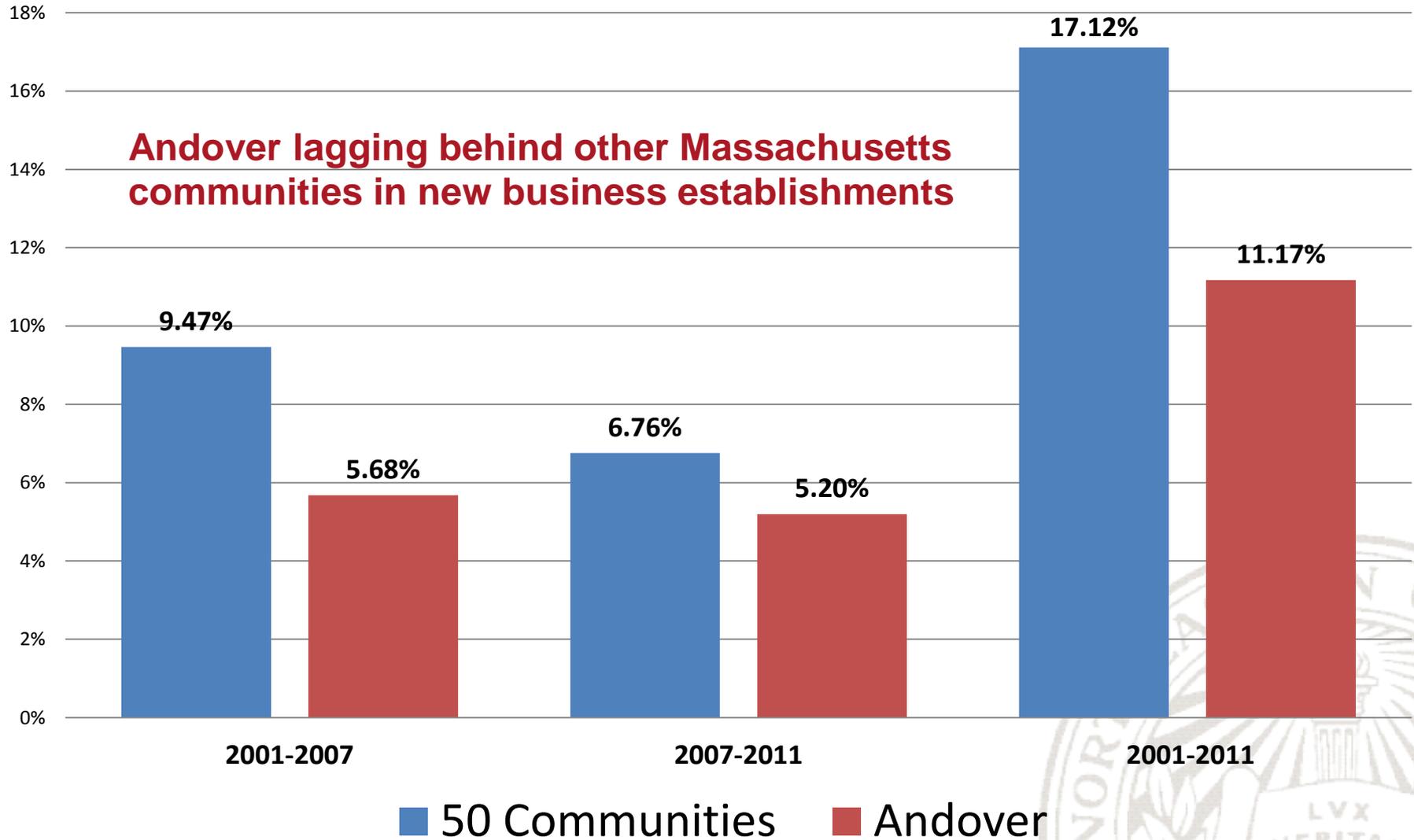
The Framework for the Tool

- City officials and staff working together answer over 200 questions in 10 categories
- The results of the Self-Assessment Tool are secure and provided only to the local officials. Each community can choose to share the results at their own discretion
- The results provide an ability to ascertain a community's economic development strengths, weaknesses, opportunities and threats

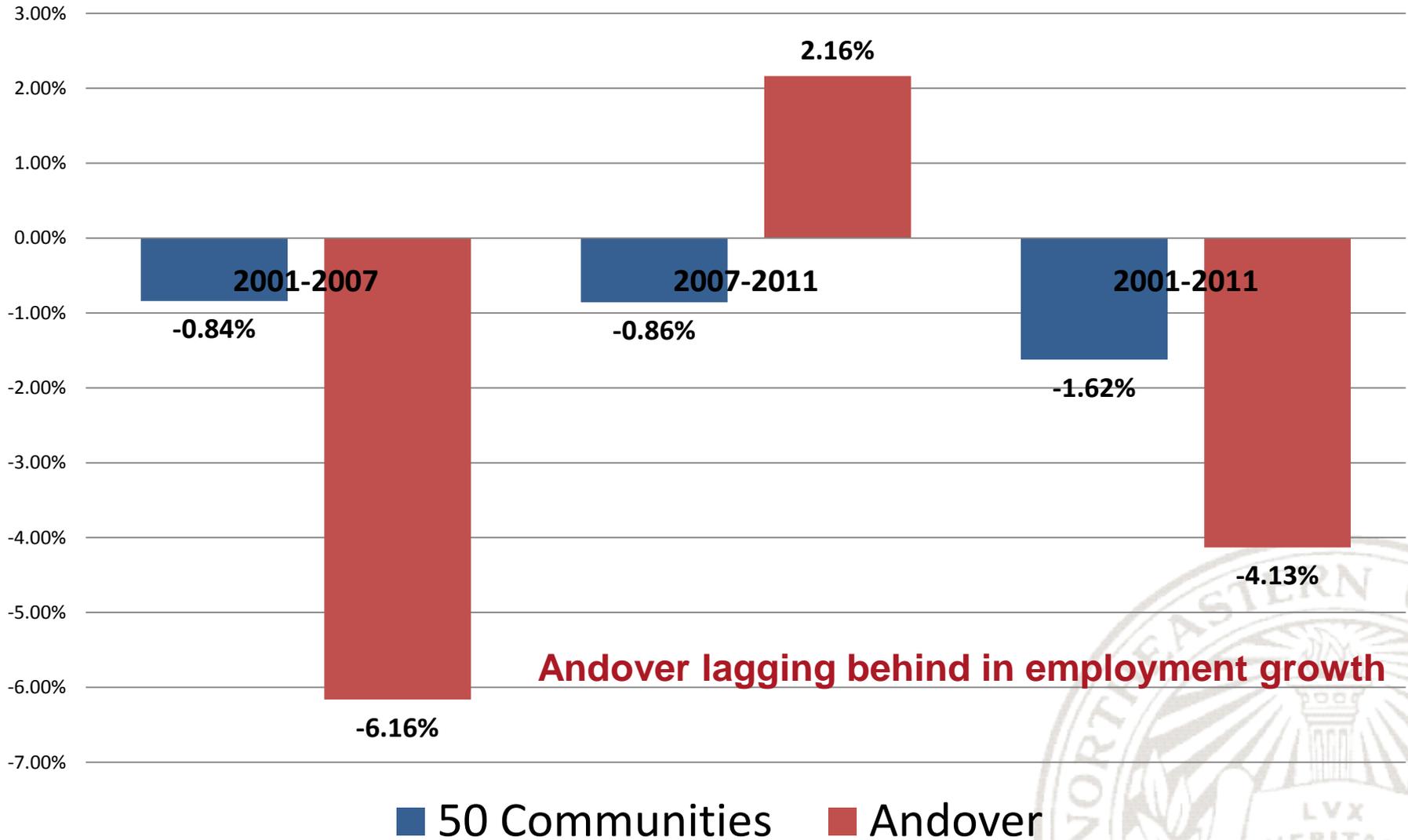


What Promotes Local Economic Development?

Growth in Number of Private Sector Establishments Andover vs. 50 Massachusetts EDSAT Municipalities



Growth in Private Sector Employment Andover vs. 50 Massachusetts EDSAT Municipalities



Andover vs. 50 Massachusetts Municipalities

Andover Positives

Highway Access

Traffic Congestion

Infrastructure

Labor Quality

Public Transit

Physical Attractiveness

Complementary Business Services

Critical Mass of Businesses

Marketing Follow-Up

Crime

School Quality



Andover vs. 50 Massachusetts Municipalities

Andover Positives

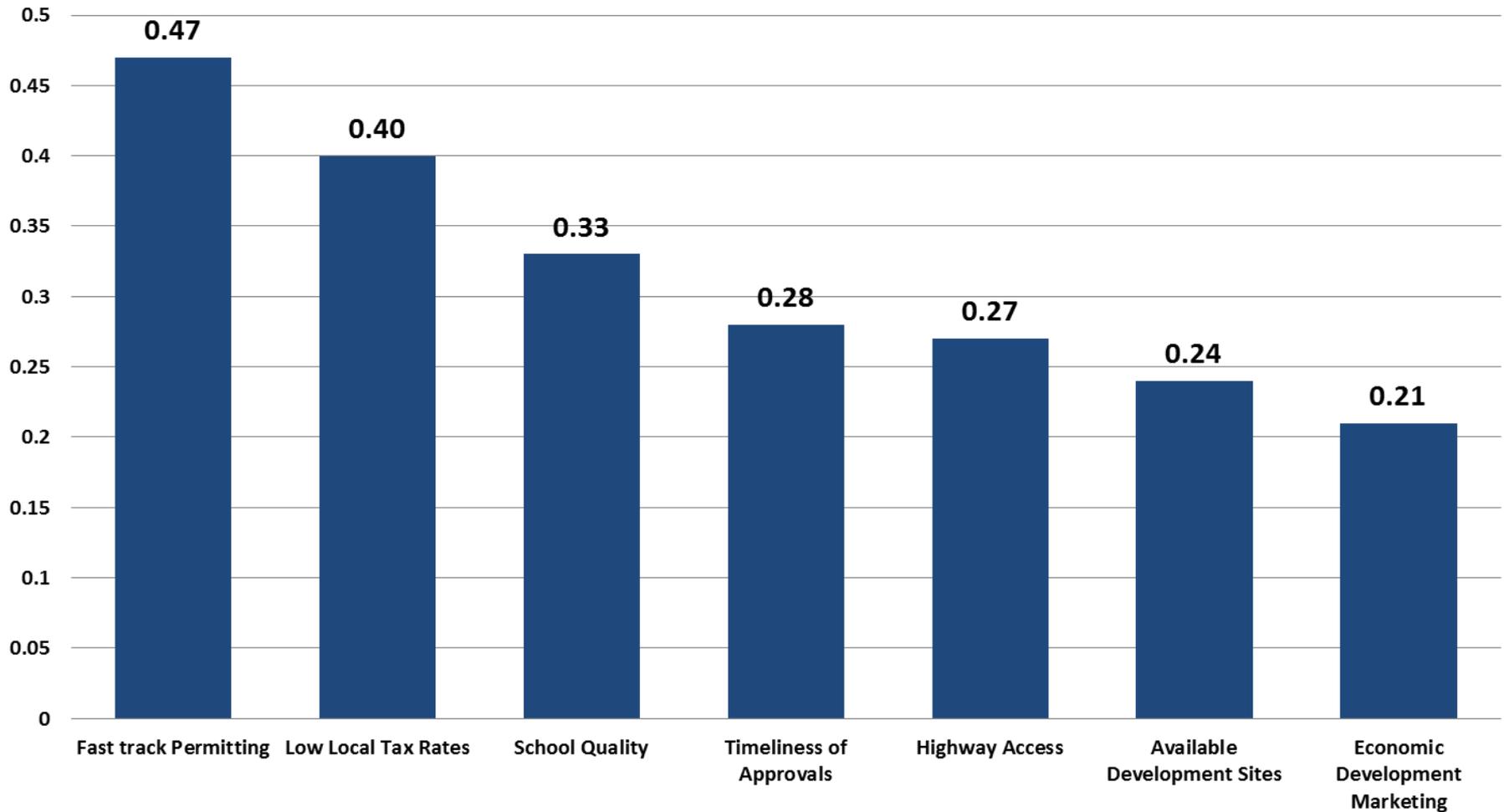
Highway Access
Traffic Congestion
Infrastructure
Labor Quality
Public Transit
Physical Attractiveness
Complementary Business Services
Critical Mass of Businesses
Marketing Follow-Up
Crime
School Quality

Andover Negatives

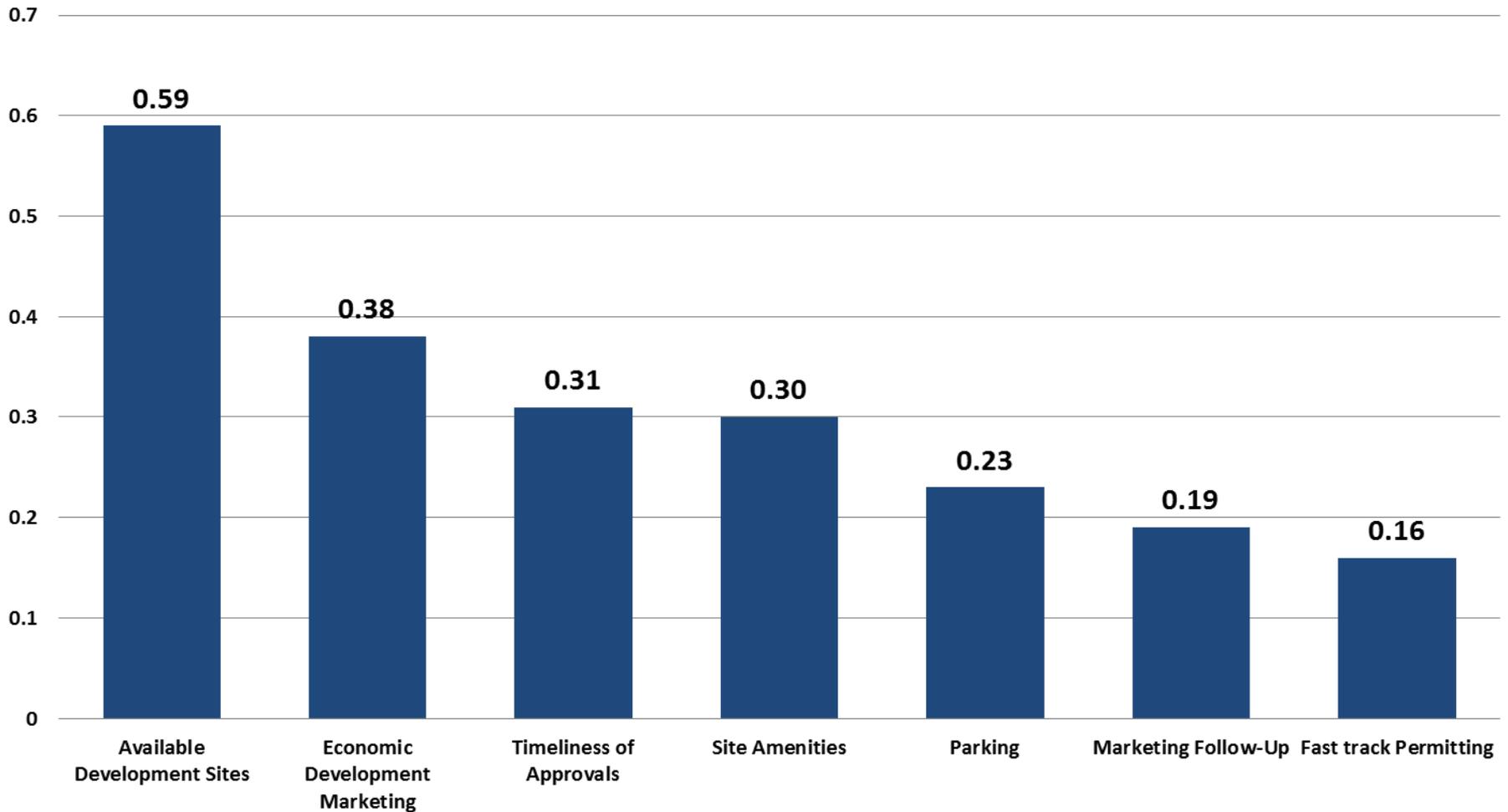
Parking
Commercial Rents
Timeliness of Approvals
Economic Development
Marketing
Predictable Permitting
Fast Track Permitting
Citizen Opposition
Housing Cost
Tax Rates



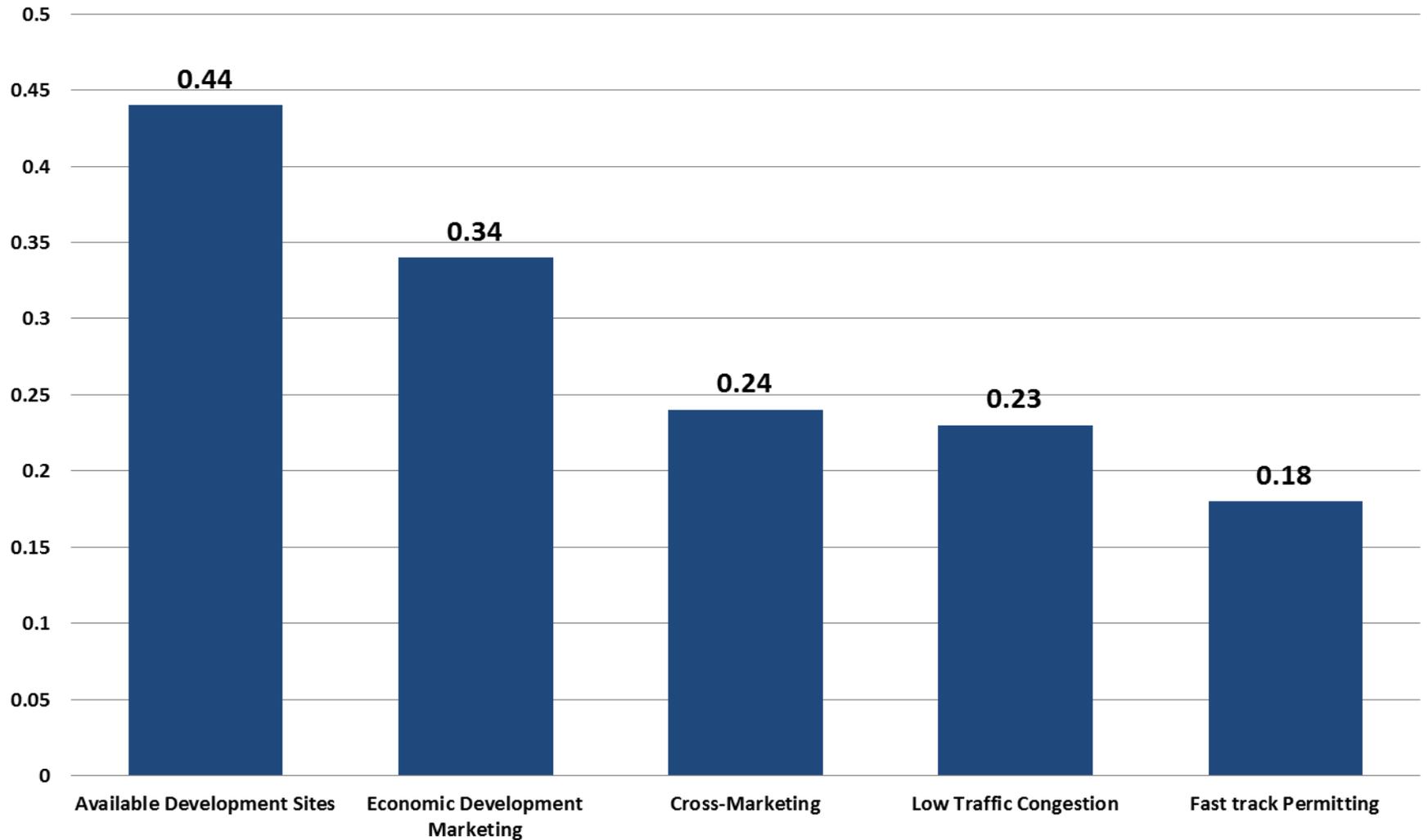
**Working Cities - Factors Most Highly Correlated with Increase in
Establishments
2001-2011
ES-202 Data**



**Working Cities - Factors Most Highly Correlated with Increases in
Employment
2001-2011
ES-202 Data**



Working Cities - Factors Most Highly Correlated with Increase in Employment 2001-2011 County Business Patterns/Zip-Code Data



Control Variable - % MFG in Total Employment 2001

Corr. % Chg Emp. 2001-2011/%MFG 2001

-0.00849

Corr. % Chg Emp. 2001-2007/%MFG 2001

-0.24706 (Municipalities with more manufacturing had **less** job growth in early period)

Corr. %Chg Emp.2007-2011/%MFG 2001

0.244598 (Municipalities with more manufacturing had **more** job growth in late period)

Control Variable – Distance from Boston

Corr. %Chg Emp. 2001-2011/Distance from Boston

-0.07928 No correlation

Corr. %Chg Emp.2001-2007/Distance from Boston

0.007105 No correlation

Corr. %Chg Emp.2007-2011/Distance from Boston

-0.10657 No correlation

Control Variable – Median Household Income 1999

Corr. %Chg Emp.2001-2011/Median HH Income

-0.18858 (Higher Income – Lower Job Growth)

Corr. %Chg Emp.2001-2007/Median HH Income

-0.02601 (No correlation early period)

Corr. %Chg Emp.2007-2011/Median HH Income

-0.22664 (Higher Income – Lower Job Growth – later period)

Thank You





Northeastern University

Dukakis Center for Urban & Regional Policy



The Kitty and Michael Dukakis Center for Urban & Regional Policy conducts interdisciplinary research, in collaboration with civic leaders and scholars both within and beyond Northeastern University, to identify and implement real solutions to the critical challenges facing urban areas throughout Greater Boston, the Commonwealth, and the nation.

Founded in 1999 as a “think and do” tank, the Dukakis Center’s collaborative research and problem-solving model applies powerful data analysis, multidisciplinary research and evaluation techniques, and a policy-driven perspective to address a wide range of issues facing cities, towns, and suburbs, with a particular emphasis on the greater Boston region. The Dukakis Center works to catalyze broad-based efforts to solve urban problems, acting as both a convener and a trusted and committed partner to local, state, and national agencies and organizations.

In November 2008 the Center was renamed in honor of Kitty and Michael Dukakis for the extraordinary work that both of them have done to make the City of Boston, the Commonwealth, and the nation a better place to live and work.

A “Think and Do” Tank

Policy Focus Areas:

- ❖ Economic Development
- ❖ Housing
- ❖ Labor/Management Relations
- ❖ Program Evaluation
- ❖ State and Local Public Finance
- ❖ Transportation
- ❖ Workforce Development

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Northeastern University

School *of* Public Policy and Urban Affairs

GRADUATE PROGRAMS

MS in Urban & Regional Policy

Master of Public Administration

Online option available.

MS in Law & Public Policy

Focus areas in Sustainability, Climate Change and Environmental Policy; Health Policy; Crime and Justice and Urban Policy.

PhD in Law & Public Policy

All courses are offered in the evenings in order to accommodate students who are working full-time during the day.

The masters programs have admissions cycles for starting in either the Fall or Spring Semester.

School of Public Policy and Urban Affairs:

- Fosters interdisciplinary social science research on critical public policy issues
- Provides professional training for tomorrow's leaders
- Energizes sustained community involvement through collaborations with local and regional institutions