

Appendix A: Situation Assessment

N² INNOVATION CORRIDOR ECONOMIC DEVELOPMENT STRATEGY & MARKETING PLAN

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Prepared for:

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Introduction

This situation assessment is the capstone of the first major phase of the development of the N² Innovation Corridor Economic Development Strategy & Marketing Plan. Working with the Newton-Needham Chamber of Commerce, the City of Newton, the Town of Needham, and other stakeholders, Camoin Associates has conducted foundational research and analysis and collected information and perspectives from interviews, a stakeholder meeting, and existing documents. The situation assessment compiles selected deliverables to date and summarizes the results of those tasks by answering the question, “Where is the N² Corridor today?”

Project Background & Objectives

The N² Innovation Corridor is an area of roughly 500 acres along the Newton-Needham line that includes two office parks and adjacent commercial streets. The N² Corridor straddles I-95, from Webster Street and Highland Ave. in Needham to Wells Ave., Echo Bridge, and Needham and Winchester Streets in Newton. The Corridor is already home to many innovation economy sector businesses as well as educational institutions, recreational areas, restaurants, pubs, hotels and retail shops. And there’s still a lot of opportunity—at a diverse mix of price points—for companies of all sizes to grow and expand.

The N² Corridor project is a private-public collaboration between the Newton-Needham Chamber and its member businesses along with the City of Newton and Town of Needham. The N² Corridor Task Force includes local entrepreneurs, large and small businesses, educators, marketers, property owners, brokers, non-profit leaders and economic development experts. It focuses on six areas: strategic planning, marketing, networking, education, advocacy and technical assistance. Its objective is to promote economic development. That requires doing many things at the same time. The Task Force collaborates with state and local officials on policy and infrastructure. It works to connect developers and property owners with prospective tenants. It helps connect companies with municipal officials who can assist with permitting. And it holds dozens of networking and educational events to foster a vibrant community in the area.

The N² Corridor stakeholders wish to position the corridor for more innovation-related economic development. The objectives of this initiative are to:

- Promote the N² Corridor and its environs as a place for new business attraction and formation;
- Support the formation of and nurture new and innovative startup companies within N² area; and
- Advocate for business and economic development interests with local municipalities and with state agencies.

As part of this initiative, the N² Corridor stakeholders and Camoin Associates are developing this Economic Development Strategy and Marketing Plan. The objectives of the Plan are as follows:

- Understand the corridor’s competitive economic position and innovation drivers;
- Identify the most strategic approach to further securing and enhancing the corridor’s role in the innovation economy;
- Produce an economic development strategy that is data-driven, informed by current industry trends, based on the corridor’s unique strengths and opportunities, action- and performance-oriented, and shaped by knowledgeable stakeholders and interested residents;
- Produce internal and external marketing strategies—integrated into the overall economic development strategy—designed to promote the corridor’s innovation identity and competitive factors, to both industry decision makers and the N² communities;



- Determine the organizational structure for leading the implementation of the Economic Development Strategy & Marketing Plan; formally confirm the mission and vision for this operation.

Vision

The draft vision statement for the N² Innovation Corridor is as follows:

The N² Innovation Corridor is home to an increasing number of innovative businesses— new and established, large and small. It features a mixed-use community with retail, office space and open space integrated with housing and nearby transit, providing an affordable and desirable place to create, prosper, and adapt to an evolving business climate. The Corridor will become increasingly recognized as a destination for investment by innovation-driven industries and will enhance the quality of life in the Newton-Needham region by providing nearby employment, entertainment, educational, recreational, and cultural amenities.

Mission

The draft mission statement for the entity ultimately designated to lead the implementation of the Economic Development Strategy & Marketing Plan is as follows:

The mission of the N² Innovation Corridor Initiative¹ is to promote targeted, sustainable, and well-planned ecosystem within the Corridor for the benefit of Needham and Newton and their residents, businesses, educational institutions, and community organizations.

¹ This is an arbitrary name for the as-yet-undetermined initiative, organization, or entity that will lead implementation of the economic development strategy and marketing plan.

Summary of Findings from Interviews, Background Documents, & Forum #1

The following are brief overviews of more detailed notes documenting Camoin Associates' findings from its interviews, review of background documents, and the first forum.

What would success look like?

We asked interviewees and attendees at the first public forum to tell us what they thought success would look like. Our goal was to understand whether there was consensus over the vision, and whether respondents had thought about what a Corridor concept might entail. We also asked this question because the concept of an innovation district, as recently defined by the Brookings Institution, is an urban phenomenon, and usually is discussed in contrast with suburban office parks, such as the current configuration in the N² Corridor.

We learned that there is considerable energy behind the concept of positioning the N² Corridor as an innovation district or innovation corridor. Stakeholders recognize that the Corridor has strong momentum in that it is already home to a number of companies in the innovation and/or advanced technology sectors. They also recognize there exist constraints that prevent the Corridor from becoming a "textbook" innovation district (i.e. Brookings definition), or seeking to "replicate Kendall Square." Many stakeholders are interested in exploring creative, tailored, and forward-looking variations on how the N² Corridor can be a leading innovation-economy community, situated in a suburb, as opposed to in an urban core.

Stakeholders' visions for the Corridor include:

- Being an even more competitive destination for tech and bio companies (and noting that key targets are likely to be second- or later-stage technology companies that desire an alternative to downtown Boston are ready for a more mature workforce; and Israeli investment);
- Substantially greater "buzz" and trendiness, assisted by trendier streetscapes and fun/creative amenities;
- An authentic, enhanced sense of place—one that appeals to younger generations;
- A stronger link between the area's higher education institutions and its innovative companies;
- Improved networks among innovation assets and people, potentially including new gathering space(s) that help support an innovation culture; and
- Expanded transportation opportunities, possibly including company funded shuttle buses and/or for profit transit providers connected to existing public transit nodes.

Some stakeholders also made reference to increased local innovation-economy activity and related development potential outside the N² Corridor boundaries. However, there are also stakeholders who want to limit the Corridor to just the areas already identified at the border of the two communities. An important question to be answered through this process is how much of the innovation and entrepreneurial activity needs to occur within the N² Corridor boundaries, and how much already occurring in the two municipalities and in Boston in general can influence and be leveraged in the Corridor.

Business climate analysis

Newton and Needham have recently forged a strong and effective working relationship between the executive branches of their municipalities. This has included regular meetings that have produced real benefits around the funding of infrastructure investments throughout the core of the Corridor.

Needham has a reputation for being quick, flexible, and cordial in its interactions with developers and the business community, and is widely considered to have been far sighted in putting new zoning rules five years ago and tax incentives in place a decade ago that allowed the town to easily accommodate the TripAdvisor location decision.

A political divide between supporters of smart growth and affordable housing and those who feel Newton is already too built out was the central issue of a 2015 municipal election, with the results decisively favoring the pro-smart growth/affordable housing candidate. Also in 2015, a contentious proposed mixed-use project at 28 Austin Street was narrowly met the two-thirds super majority necessary for approval by the city's aldermen (now city council).

Both events have given pro-growth advocates reason for cautious optimism that the city may be reversing a long-held perception of opposition to new development at a time when the city's zoning code is undergoing review and a Charter Commission could potentially alter the land use decision making process.

Meanwhile, Newton's mayor is enthusiastically championing an innovation-focused economic development vision, has traveled to Israel to champion the N² Corridor and recruited the world renowned MassChallenge to open a satellite office at Newton Corner.

Business and property taxes are also high in the N² Corridor, but not higher than elsewhere in Metro Boston, so this is not an issue to the extent that competition is within the Bay State.

Workforce and Higher Education

Newton and Needham have extremely high educational attainment, and their residents represent an incredible pool of highly qualified workers for technology and other industries. Local businesses also employ significant numbers of people who commute from outside the municipalities. At the same time, however, recruiting younger employees to work in the N² Corridor is challenging, and graduates of local colleges rarely stay local. Reasons include a lack of transportation options, affordable housing, amenities aligned with Millennials' live-work-play preferences, and attractive networking opportunities to help bind them to the area.

Stakeholders generally recognize this issue and are interested in addressing it in the context of overall economic development efforts, for example by discussing transportation and housing needs through a workforce lens, and by further integrating area higher education institutions and their students into the community.

There are several colleges and universities situated either partly or entirely within the municipalities (Olin College, Boston College, Mount Ida College, William James College, Babson College, Lasell College) and several others just outside (Wellesley College, Brandeis University, MassBay Community College).

Several of them offer curricula directly relevant to the N² Corridor's workforce needs and already provide some degree of programming designed to build relationships between their student bodies and the local business community, or to lay foundations for local business incubation by their graduates. Olin College, for example, while nominally an engineering school, is known for producing well-rounded graduates with leadership, entrepreneurship, and innovation skills. Babson is considered the premiere business education institution in the United States. Mount Ida is undergoing considerable upgrades under the leadership of its relatively new president.

However, as stakeholders recognize, there is a perception that engagement between higher education and the rest of the Newton-Needham community—as well as among education institutions themselves— should be much deeper, broader, and better targeted. If well designed, these new engagements would make graduates more likely



to stay in the area and apply their talents locally, and result in greater support to those who start businesses in the N² Corridor.

Higher education institutions would also benefit from the availability of additional housing affordable to their faculty and staff.

Housing

Housing prices are extraordinarily high in Newton and Needham. Most housing is single-family and is bifurcated between large new homes and those that are older and require significant upkeep. The median value of owner-occupied units is \$715,000 in Newton and \$669,000 in Needham. A lack of affordable workforce housing in the municipalities is a major feature of the local real estate market and looms as a negative factor in potential business relocation and growth decisions, although both communities have taken action to mitigate this issue.

There has been considerable movement on the affordable housing front, with several recent and planned housing developments incorporating affordable components. Within the N² Corridor, Charles River Landing was recently completed, and a 390-unit Normandy project in Needham Crossing has been approved. Just beyond the corridor, a 136-unit project on Greendale Avenue in Needham is planned, as well as another project at 28 Austin Street in Newtonville. Needham has a zoning amendment being proffered to allow for mixed-use residential development in the Mixed Use-128 zoning district of Needham Crossing.

This represents real momentum on the sometimes-divisive idea of adding a significant volume of affordable, denser housing suitable for seniors, students, and younger workers—a necessity for attracting Millennials and building a culture of diversity and innovation. This is a regional challenge as well as a local one, and it is recognized by the municipal leaders: a major housing study is underway in Newton. Of note, Needham has recently passed the threshold of the state-mandated level of affordable housing, meaning it will now be exempt from Massachusetts' 40B law that allows developers to bypass local zoning laws if they are offering enough affordable units.

Transportation

Heavy traffic and a lack of sufficient public transit to the N² Corridor are significant constraints on the area's attractiveness to younger and senior residents and new and expanding businesses. Talent recruitment and livability stand to be significantly improved if new transit options become available. Examples of solutions that have been explored include shared bicycle services, additional bus service like a line from the Wells Avenue Office Park to a T stop, and the potential for transit service and/or paths along an unused rail right-of-way. A 2013 MAPC concept plan estimated low reverse-commute demand for rail transit on the right-of-way, but the methodology was disputed by some stakeholders. In the meantime, shuttle buses are proving to be an important way to move workers and students from transit stops to key employers, office parks, and colleges, and there may be potential to better coordinate these services.

Newton and Needham have good, wide roads and have invested in roadway improvements that are currently or will soon be under construction. The new dedicated exit ramp off of Route 128/I-95 at Kendrick Street represents a watershed improvement to the Corridor's accessibility and drivability. The changes to be implemented on Highland Avenue/Needham Street are also promising. Meanwhile, access and egress in the Wells Avenue Office Park is particularly problematic, and the reality of its single-access-point roadway is a barrier to redeveloping it in ways that are aligned with the preferences of 21st century companies and their workforces.

Key industries and industry attraction

As detailed in the Demographic & Economic Analysis, Newton and Needham are home to approximately 79,800 jobs, having added about 4,600 jobs over the last ten years. There were vast differences in the way various economic sectors performed over the past decade, with some sectors exhibiting tremendous growth and others shedding large numbers of jobs, significantly shifting the communities' economic composition. Today, the highest concentrations of jobs in Newton and Needham are in educational services, real estate, the information industry, and professional, scientific, and technical services.

Industry attraction for Newton/Needham and for the N² Corridor in particular is focused on technology-intensive sectors associated with the innovation economy. The Corridor is already home to many private sector assets in this category: In addition to being the new location of TripAdvisor's world headquarters, which opened in July, it's also home to PTC, Turbine, SharkNinja, Verastem, CyberArk, Big Belly Solar, and Karyopharm Therapeutics, among others.

Building on the Demographic & Economic Base Analysis (see appendix), the Corridor's existing conditions, and its future vision, Camoin Associates plans to perform target analyses for the following broad industry categories: information technology; professional, scientific, and technical services; and biotechnology and life sciences. This will inform the prioritization of more specific industries for expansion and attraction efforts, and the development of strategies to leverage and build on innovation assets to help foster that growth.

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