

DRAFT

PROPOSAL FOR A MERRIMACK RIVER
NATIONAL DEVELOPMENT AREA

The modern American industrial economy began in Massachusetts. The Waltham mills and the planned industrial cities of Lowell, Lawrence, and Holyoke placed the Commonwealth squarely in the forefront of the American industrial revolution, and by the late 19th century Massachusetts was a leading center of industrial production.

This industrial development was in large part responsible for the origins and much of the present form of the Commonwealth's urban areas. Even older cities such as Boston and Salem that had originally grown as transportation, maritime, or market centers witnessed continued and rapid growth throughout the 19th century industrial period.

Conditions clearly changed for the worse by the 1920's. Chronic labor problems kept many firms in precarious positions, and the market crash of 1929 proved fatal to many. The textile and leather industries experienced occasional, brief resurgences, but the pressures of lower-priced imports and competition from other parts of the country sent most of the state's urban industrial areas into decline by the late 1950's.

Many firms relocated from the Northeast to the South and Southwest. Their managers cited lower labor costs, right-to-work laws, lower land and energy costs, better business climates, lower taxes, and a better quality of life as their principal reasons for moving. It seems clear that their decisions also were influenced by federal and state government actions such as transportation improvements and the use of revenue bonds for industrial development. Another factor worth noting was the location and relocation of major federal facilities in these areas, serving as an incentive for government contractors to follow.

Massachusetts has been able to more or less hold its overall economic position thanks to various fortuitous circumstances. Many firms chose to stay in the state because of advantageous resource situations, or simply because they found the state and region attractive.

The state's industrial economy experienced significant growth in the 1960's and 70's in the high technology sectors, largely because of the presence of excellent educational and technical institutions and a well-educated, highly-skilled labor force.

As shown by state and local growth policy documents, most recent growth has occurred outside the older urban centers, partially because of land costs, taxes, and the availability of space, but also because workers and management viewed the quality of life in suburban areas as better than that in the cities. A significant amount of growth has occurred just over the New Hampshire border, for similar reasons.

The Commonwealth's older urban areas suffered markedly as a result. Populations and tax bases declined, while housing and commercial areas decayed. Unemployment rates rose, and the poor and the elderly became larger proportions of urban populations. Vacancy rates in industrial buildings forced average rents to well under \$1 a square foot, and warehousing operations replaced more employment-intensive manufacturing uses. New private investment in urban centers reached minimal, in some cases non-existent, levels.

Various measures have been enacted over the past decade to deal with our urban problems. These approaches have generally suffered from being too broad (urban renewal) or too narrow (CETA) in focus. However, by coordinating various development programs, as has been done in Massachusetts in recent years, a great deal more can be achieved than any program along could accomplish.

Using this coordinated approach, public monies have successfully leveraged significant private reinvestment in older urban areas. As a result, some older industrial cities are gaining new images as attractive communities, images that focus on assets even previously regarded as liabilities.

The Commonwealth's overall economic position looks more promising, too. Labor cost differentials nationwide are decreasing. Taxes are also equalizing, partially because the Sun Belt is discovering that growth inevitably increases demands for services, but also because states like Massachusetts are committing themselves to tax reductions. Efforts to make the state more competitive in energy costs should also have a substantial impact. The simple perception of a more pro-business attitude in Massachusetts should improve our competitive position nationally.

The question, then, is how to act to take full advantage of this situation. There is substantial evidence to indicate that, all economic factors being more or less equal, quality of life is a major determinant of industrial location, relocation, and expansion decisions. The very name and concept of the Sun Belt implies a relaxed, gracious life style that appeals to the managers and executives who make locational decisions, as well as to their work forces. The move to the suburbs, while fueled by cheap land and improved highways, still reflects the values people place on open space and similar amenities.

Furthermore, quality of life has numerous facets. The Sun Belt has its rapidly growing competitors, such as Chittenden County (Burlington), Vermont. Land and energy costs there equal or exceed those of metropolitan Boston, but the summer and winter attractions of the Vermont countryside seem to be more significant. In older urban areas, rehabilitation of existing structures has become a growth industry, in part because of economics, but also because people value the architecture and the kinds of space that are available.

The purpose, then, of this draft proposal is to derive maximum benefit from the situation that has been briefly outlined. That is, to propose a joint state-federal pilot project designed to focus environmental quality improvements within a region as a catalyst for economic revitalization. This region would be designated as a "National Development Area."

We believe that this approach is valid and valuable for several reasons. First, if economic factors are equalizing nationwide, in part because of state efforts, quality of life will become a significant factor in attracting and encouraging growth.

Second, the approach proposed is virtually costless. This initiative would take advantage of existing programs and policies to produce maximum benefits for the Commonwealth. The only cost would involve some loss of flexibility through targeting programs and funds to the designated development area.

Third, this proposal recognizes some need for growth management. Economic growth is clearly desirable, but it must meet certain minimum standards. It must be acceptable to the community (at a minimum, to avoid costly litigation). Further, it should occur in or near those areas that

need it most, namely those areas with high unemployment and declining tax bases. It is very important to note that this does not imply land use controls. Rather, it simply recognizes that public actions and investments can serve as incentives for certain locational decisions.

Finally, this proposal also recognizes that those amenities identified with quality of life are not costless. Rather they are clearly dependent on economic growth for their establishment and preservation. This proposal seeks to show that industrial development and environmental enhancement can and should go hand in hand.

We believe that the area most likely to benefit from this approach at the present time is the Merrimack Valley. We propose that it be designated a prototype National Development Area for the following reasons.

First, the urban centers in the Merrimack Valley were among the hardest hit by Massachusetts' industrial decline, but are beginning to become viable once again. State and federal efforts in Lowell have led to substantial private reinvestment in the city's downtown. Newburyport has become a model for physical and commercial revitalization of a downtown area. Lawrence and Haverhill are again becoming aware of the value of their historical and economic resources and are beginning the planning necessary for their reemergence. The improved images of these cities should be bolstered and marketed to obtain maximum benefits from their efforts to date.

Second, the Merrimack Valley contains some of the most attractive landscapes in Massachusetts, and within a very few years should become an attractive and viable living environment. There are intact colonial villages, large open expanses, and numerous existing and potential recreational opportunities in the river corridor. As water quality in the river improves, these amenities will become even more attractive. Substantial public investment has already been made in water quality improvements, and the state should move to capitalize on the benefits of that investment.

Third, and perhaps most important, there is strong local support for the various elements of this proposal. The watershed association and almost all communities strongly support a riverway or greenway that would preserve significant natural and cultural features essential to the quality of life in the Merrimack Valley. The older cities strongly support industrial development and coordinated efforts at urban revitalization. Local support and local initiative is critical to any effort of this kind.

There are also numerous economic factors of importance. There is a large skilled labor force that has sustained substantial unemployment for a prolonged period of time. There is a substantial amount of existing industrial space that is underutilized and is hence available at relatively low rents. There is an excellent highway system, with Logan Airport and the Port of Boston less than an hour away. The high technology "belts" along Routes 128 and 495 are also easily accessible.

Finally, there is easy access from the Merrimack Valley to the natural and cultural attractions of New England. Boston is less than an hour away, as are the mountains of central New England not to mention the Atlantic Ocean.

Given these assets, we believe that the Merrimack should become the focus of a state-federal-private aimed at encouraging high quality industrial and economic development.

We foresee the process working in the following manner. Federal legislation would establish a Merrimack National Development Area study commission, with members appointed by the Secretaries of Commerce, Labor, and Interior, and the Governor. State agency personnel would serve as staff and the commission would work with state and local governments to prepare a detailed action plan. This plan would serve as a guide for targeting development programs and monies to and within the NDA. The plan would identify federal and state budget commitments needed for the program, and would include draft legislation to establish special NDA entitlement categories within existing programs. The plan would also identify necessary agency commitments for implementing the NDA program. Once such commitments were obtained, the process would be formalized in a contract between the state and federal governments, obligating them to implementation of the NDA plan.

The NDA program would have three basic components: an economic development component, an environmental component, and an urban component.

The economic development component would consist of a plan for targeting funds such as Economic Development Agency public works grants, federal highway and transportation funds, Department of Energy funds for hydropower development, and various loan and grant incentive programs to meet the region's economic development goals. State funds would be similarly targeted, and processes for expediting applications and permits would be established. Increased private investment and involvement in programs such as CETA would be sought. An aggressive marketing effort would be established.

The environmental component would also include plans for targeting funds and expediting agency actions. Programs affected would include the 201 construction grants (water quality) program, and various open space and conservation acquisition programs such as the Land and Water Conservation Fund.

The urban component would likewise include a plan for targeting programs and funds. Community Development Block Grants, Section 8 housing, and Urban Systems transportation funds might be involved, as would state industrial and commercial area bond programs and Chapter 121a agreements.

The plan would guide these programs so as to use public investment to leverage private monies for economic development; to acquire, protect, and/or rehabilitate significant open space and natural areas important to the quality of life in the Merrimack Valley; and to encourage development in those areas that need it most.

There are ample precedents for such a program. The Massachusetts Heritage State Park program involves coordination among state and federal programs and private investors in support of urban revitalization.

The principal precedent, however, is President Carter's urban policy, which involves targeting community development monies to distressed urban areas. This program simply carries that policy a step further by identifying an entire region as distressed and forming a unique federal-state partnership to produce an action program.

If successful the NDA could serve as a model for similar efforts elsewhere in Massachusetts. For example, the lower Connecticut Valley could benefit from such an approach, as could the Fall River - New Bedford coastal region. It might also serve as a model for other states. In fact, given the economic condition of some older New Hampshire

cities, it might be possible to expand the program on the Merrimack to include Merrimack, Nashua, and the intervening portions of the Merrimack Valley. Such an interstate effort might serve as additional justification for federal involvement in a pilot program.