Zoning & Planning Committee
Agenda

City of Newton
In City Council

Monday, November 26, 2018

7:00PM
Room 205

Items Scheduled for Discussion:

#408-18 **Discussion and adoption of Economic Development Strategy Plan**
DIRECTOR OF PLANNING requesting discussion and adoption of the Economic Development Strategy Plan as an amendment to the 2007 Newton Comprehensive Plan.

#220-18 **Discussion relative to the Washington Street Corridor Action Plan**
DIRECTOR OF PLANNING requesting monthly progress discussions on the Washington Street Corridor action plan.

#518-18 **Discussion and review relative to the draft Zoning Ordinance**
DIRECTOR OF PLANNING requesting review, discussion, and direction relative to the draft Zoning Ordinance.

Public Hearing Assigned for December 10, 2018:
#572-18 **Zoning Amendment to delay effective date of garage ordinance**
DIRECTOR OF PLANNING proposing to further amend Chapter 30, Section 3.4.4 of the Revised Ordinances, as amended by Ordinance B-6, to implement a deferred effective date for the Ordinance of December 31, 2019 or such other appropriate date, for the purpose of allowing the Planning Department to complete a comprehensive study thereof.

The location of this meeting is accessible and reasonable accommodations will be provided to persons with disabilities who require assistance. If you need a reasonable accommodation, please contact the city of Newton's ADA Coordinator, Jini Fairley, at least two business days in advance of the meeting: jfairley@newtonma.gov or (617) 796-1253. The city's TTY/TDD direct line is: 617-796-1089. For the Telecommunications Relay Service (TRS), please dial 711.

The following items are recommended for a vote of No Action Necessary:

#75-18 Discussion relative to the Zoning Redesign Event Series
DIRECTOR OF PLANNING requesting discussion of topics, issues, and ideas from the Zoning Redesign Event Series, with Committee feedback leading to staff preparation of the draft policy content outline for the new Zoning Ordinance.

#76-18 Discussion relative to the draft policy content outline of Zoning Ordinance
DIRECTOR OF PLANNING requesting review, discussion, and direction relative to the Zoning Redesign Project on a draft policy content outline of the new Zoning Ordinance.

Respectfully Submitted,

Susan S. Albright, Chair

#408-18
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Department of Planning and Development
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Ruthanne Fuller
Mayor

Barney S. Heath
Director

MEMORANDUM

DATE: November 23, 2018

TO: Councilor Albright, Chair
Members of the Zoning and Planning Committee

FROM: Barney S. Heath, Director of Planning and Development
Kathryn Ellis, Economic Development Director

RE: **#408-18, Economic Development Strategy Plan Discussion** (Continued)

MEETING DATE: November 26, 2018

CC: Jonathan Yeo, Chief Operating Officer
Economic Development Commission
Planning and Development Board

Barney Heath and Kathryn Ellis will present the priorities of the Economic Development Plan in order to move forward with the approval of the plan.

Attachments
Implementation Plan
Economic Development Action Plan, July 2018 (electronic memo only)

City of Newton Economic Development Plan

Implementation Priorities

HIGH PRIORITY

1. EXPAND CAPACITY OF NEWTON INNOVATION CENTER (NIC) (3.F)

- i. Narrow the purpose and focus of the Center, including who it is trying to serve and why, and what goals and objectives Newton is trying to accomplish.
- ii. Actively look for a larger building closer to more restaurants, coffee shops, entertainment, small offices, and mass transit.
    - *Note*: This initiative would be a joint effort with the Chamber and Cambridge Innovation Center.
    - *Budget implications*: This action could utilize existing staff capacity and resources. However, resources may be needed for a new building.

2. IMPROVE THE EXTERNAL MARKETING OF NEWTON'S BUSINESS ENVIRONMENT (3.C)

- i. Create a more professional economic development website with web-based applications and GIS platforms.
    - *Budget implications*: There will be initial set up costs and annual operating costs (approximately $10,000).
- ii. Update the economic development website to make it easier to access. Include targeted demographic, economic and workforce data, infrastructure availability, news and events and contact information.
    - *Budget implications:* This initiative may require additional staff or staff time to handle updating with data and information on a regular basis.

3. INCREASE LAB SPACE IN NEWTON TO CAPITALIZE ON HIGHLY SKILLED WORKFORCE WITH SCIENCE BACKGROUND AND REGIONAL ECONOMIC TRENDS. (1.A) AND INCREASE OFFICE SPACE IN NEWTON INCLUDING COWORKING SPACE TO ATTRACT AND RETAIN COMPANIES AND INCREASE THE COMMERCIAL TAX BASE. (1.B)

- i. Identify a corridor or collection of parcels that will be geared towards lab space and rezone as necessary to encourage development to that area.
    - *Budget implications*: Initiative will require additional staff or staff time.
- ii. Look for opportunities to encourage new commercial growth including office and co-working space in new development and expansions.
    - *Budget implications*: Initiative may require additional staff or staff time.

4. CREATE A BUSINESS ENVIRONMENT IN NEWTON THAT PROVIDES MORE SUPPORT FOR SMALL AND LOCAL BUSINESSES (3.A) AND IMPLEMENT POLICIES TO SUPPORT SMALL RETAILERS AND IMPROVE THEIR ABILITY TO REMAIN VIABLE. (3.E)

- i. Develop a regular communication system to ensure easy access of information related to business resources, training programs, and support that is available digitally and in hard copy.
    - *Budget implication*: Integrate initiative with website changes identified above and create regular online communication via newsletter to business (quarterly). Will require staff time to prepare plus the annual subscription cost platform.
- ii. Establish land use policies that encourage or require affordable rent for locally-owned retail establishments in targeted locations throughout Newton.

   - *Budget implication*: Initiative will require staff and volunteer time to develop the policy.
- iii. Recognize historic businesses as special Newton assets by creating a database of long-established small retail businesses and evaluate using this information to design a financial assistance program.
   - *Budget implications*: Integrate into the business visitation software and may require additional resources to meet the specific needs of the retailers.
- ii. Consider employing small business friendly zoning.
   - *Budget implications*: Initiative will require additional research and policy development to achieve goals

5. LEVERAGE THE ECONOMIC DEVELOPMENT COMMISSION (3.B)

- i. Use the Economic Development Commission as a partner in implementation of the Economic Development Action Plan.
   - *Budget implications*: No additional cost or staff but will require providing clear assignment to EDC.

6. BETTER UNDERSTAND AND PROVIDE MORE SUPPORT TO EXISTING BUSINESSES BY EXPANDING NEWTON'S BUSINESS VISITATION PROGRAM. (3.D)

- i. Implement a formal Business Retention and Expansion program.
- ii. Continue to create a schedule and priority list for what companies to conduct visitation with.
   - *Budget implications:* Design or subscribe to business visitation digital tools and staff time to begin to implement the program, collect and report the information, and do proper follow through.

7. IMPLEMENT REGULAR OPPORTUNITIES FOR FEEDBACK FROM BUSINESSES IN THE VILLAGES AND CORRIDORS (3.G) AND CREATE POSITIVE, COMMUNITY-BASED CONVERSATIONS AROUND THE FUTURE OF NEWTON (4.A)

- i. Run a series of round-table discussions in each of the villages to gather information from landlords, property owners, business owners and residents about what they want for their village.
- i. Engage villages residents around what they want for their local area. Include a citywide discussion around the future of Newton, and the role of "village" within the larger city as it pertains to the future.
   - *Budget implications*: Initiative may require additional staff or staff time.

MEDIUM TO LONG TERM PRIORITIES

1. MONITOR DEVELOPMENT OF RIVERSIDE, NORTHLAND AND WASHINGTON STREET CORRIDOR

- i. Encourage uses that align with the goals of Newton in terms of building out co-working space/office/lab space, diversity of housing types, and diversifying and growing the tax base.
   - *Budget implications*: Initiative may require additional staff or staff time.
- ii. Engage neighbors and business community in project discussions.

2. PROMOTE MULTIMODAL TRANSPORTATION SAFETY AND COMFORT IN VILLAGES AND NEIGHBORHOODS (5.A)

- i. Enhance sidewalks, crossings, and add bike parking to increase safety, attractiveness, and usability and to support a "park once" environment to reduce extra driving in village centers.
- ii. Expand placemaking and beautification measures at street level to promote walkabilty.
   - *Budget implications*: To be determined based on physical improvements necessary and desired.

3. REVIEW ALL LAND USE REGULATIONS AND DEVELOPMENT POLICIES (4.C) AND IMPROVE THE DEVELOPMENT REVIEW PROCESS (4.B)

- i. Complete the zoning redesign project and ensure regulations are predictable and align goals.
- ii. Focus zoning redesign on reducing the need for special use permits to make development more predictable and easier in places where it is appropriate.
  - *Budget implications*: Initiative is underway and can utilize existing staff capacity and resources.
- iii. Create two tracks for zoning review (smaller vs larger commercial projects) to allow for a more efficient process.
  - *Budget implications:* Initiative may require additional staff or staff time.

4. MAXIMIZE PARKING MANAGEMENT SYSTEMS TO ASSIST COMMERCE IN VILLAGE CENTERS (5.B)

- i. Update zoning policy to enable shared parking exceptions.
  - *Budget implications*: Initiative will require additional staff or staff time.
- ii. Assist willing property owners in drawing up and implementing joint agreements that would allow for shared parking opportunities.
  - *Budget implications*: Initiative may require additional staff or staff time from planning and legal team.

iii. Continue to implement programs like bike share, car share and differential parking rates to reduce congestion and promote multi-modal transportation.

SUMMARY GUIDANCE ON COSTS

The specific immediate and high priority action items have been identified above based on priorities set and outlined in the matrix and additional information received from the City of Newton related to day to day work responsibilities. Additionally, we have included guidance related to the impact of these initiatives on the City's budget, including both financial and personnel resources. The budget implications can be broken into three main categories:

1) Direct expenditures: These are items like designing and operating a new website, upgrading GIS capabilities, and necessary costs associated with a new location of the NIC facility.
2) Capital budgeting: These items are multi-year longer requirements and will require incorporating the annual costs into capital budgeting. Typically, they are physical infrastructure upgrades that will need to be determined based on available funds and desires of the community.
3) Staff time: Many of the action items will not necessarily require additional financial resources but will require staff resources.

#408-18

Economic Development Action Plan for the City of Newton

July 2018

Prepared for:

City of Newton, MA
1000 Commonwealth Ave.,
Newton Centre, MA 02459

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ECONOMIC DEVELOPMENT

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NELSON NYGAARD

About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in thirty states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, Boston, MA, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

The Project Team

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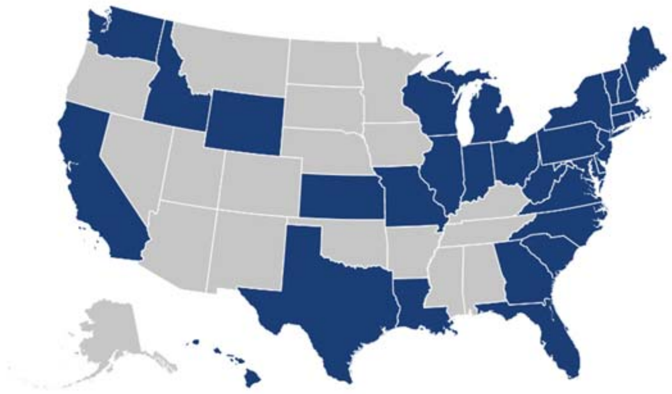

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Executive Summary

The City of Newton undertook an economic development planning process with the intent of identifying opportunities to make Newton a great place to live, work and play, to grow the commercial tax base, to enhance existing village centers and commercial corridors, and to build on the momentum of the regional economy. With exciting development proposals in the works, market demand opportunities, and many assets, the City of Newton is well positioned to capitalize on regional growth and grow the tax base. This plan has been prepared through a collaborative approach that combines data collection, stakeholder interviews, public engagement, market research, and meetings with the Mayor, Economic Development Commission, and the City's Department of Planning and Development.

The information collection portion of the planning process found that there were a number of key themes that rose to the top as key issues related to economic development, including:

- The City is essentially fully built out and there are limited parcels available for new development. **Almost all projects will have to be renovations or redevelopment projects**. In order to grow the commercial tax base, it will be **essential to look for opportunities in the villages and commercial corridors.**
- **To support commercial development, it will be necessary to make transportation improvements and to increase both the number and types of residential units** to attract and retain a more diverse population.
- **Improvements in the development review process to make it more predictable and efficient will be critical to attracting more development** to the key areas where the City would like to see increased economic activity.

Recognizing the intersection of transit, housing, and land use policy with economic development, the action plan is holistic and focuses on a wide range of issues that all relate to the goals for the future of Newton. The intent of the process and final plan is to guide the efforts of the city, Economic Development Commission, and partner organizations as they move forward and look to implement specific and strategic initiatives to guide economic development in Newton.

The five main goals identified through this planning process include:

Goal 1: Take steps to pursue development sectors that make Newton both commercially successful and a great place to live, work, and play.

Goal 2: Focus redevelopment efforts on key parcels and corridors in Newton

Goal 3: Support the start-up, growth, stability, and vitality of businesses and entrepreneurs in Newton

Goal 4: Make the development process more predictable and efficient including community consensus and refinement of the review process.

Goal 5: Maintain and enhance the special qualities of Newton while improving transportation throughout the City for residents, businesses, and visitors.

Introduction

Recognizing that the time was right to look for opportunities to grow the commercial tax base and build off of recent regional momentum, the City of Newton decided to undertake the creation of an Economic Development Action Plan. The intent of this economic development action plan is to use data, conversation, research, and analysis to identify action plans and strategies that will lead to increased opportunities and intentional economic growth. Through the planning process and implementation, Newton is looking to identify ways to capitalize on regional growth through attraction of new firms and retention of existing companies, and improved quality of life for residents.

Work Completed

To fully understand, analyze, and strategize the economic prospects for Newton, MA, the Camoin Team completed an economic base analysis and market analysis to identify what makes Newton special. These documents are included as an attachment to this report and the main findings are summarized below in the Economic Conditions section and organized by opportunities and challenges. A series of stakeholder interviews that were conducted to better understand issues facing the business community, residents, and developers added anecdotal and "on-the-ground" information to the data. Finally, three public meetings were held to receive feedback from community members.

As part of the initial research to create an economic development strategy for the City of Newton, Camoin Associates gathered data to fully understand the demographic and existing economic conditions. The City of Newton was compared to the larger Boston Metro region and Massachusetts. The following are some of the key findings, with the full report included as Attachment 2.

Demographic Analysis Findings

- After decades of limited growth, the city's population has increased 7.5% in the last ten years. Census population estimates for 2016 place Newton's population at 89,045, its highest point since the 1970s. Much of this growth can be attributed to Gen Xers (those born between 1962 and 1981 who are in their thirties to fifties) moving into Newton with their families**.**

- **Newton has a high share of seniors** (those 60 years and older) relative to the region and state. **The proportion of residents 60+ has increased from 17.2% in 2006 to 24.5% in 2016, as current residents continue to age.** Meanwhile, the **young adult age groups (20 to 39) shrank** from 25.0% to 20.4%, and continue to be underrepresented in Newton compared to the region. This presents an **opportunity to expand the housing stock geared towards both seniors and young adults**. Both of these groups tend to have similar housing preferences in terms of propensity to rent, smaller amount of space required, desire for walkability, and lower housing budgets.

- **With about a third of residents commuting into Boston**, the City of Boston is the top commute destination of Newton residents. About 85% of Newton residents commute out of Newton daily. Additionally, 89% of employees at Newton establishments commute in from outside Newton. This high degree of cross-commuting indicates a mismatch between housing and job options and presents an opportunity to build housing to meet the needs of the city's workers, as well as attracting companies that can take advantage of the skills of existing residents and allow residents to work closer to home.

Economic Base Analysis Findings

- Between 2006 and 2016, the number of establishments in the Boston Metropolitan Statistical Area (MSA)[1] increased by 61.8%, compared to an increase of 63.6% nationally. Small firms are driving the largest proportion of growth in the MSA, growing by 104,000 establishments and accounting for 70% of the overall increase in number of establishments. Small firms also contributed the largest growth in number of jobs over the ten-year period (2006-2016) adding 436,917 jobs and making up over half all job growth. This large increase reflects an **atmosphere of entrepreneurship, self-employment, and small business within the region that can be supported in Newton and enhanced with various economic development initiatives.**
- Job growth in Newton is outpacing the MSA and the state. **From 2007 to 2017 jobs increased by 14%, compared to 8% in Massachusetts and 9% the Boston MSA**. In the next decade, jobs in Newton are expected to increase by 9%, based on regional and national historic trends in the industries present in Newton. Average earnings per job in Newton are about $71,000, which is lower than both the MSA ($84,000) and state ($78,000), due to the high number (and growth) of retail and health care jobs in Newton. **Overall job growth indicates a prosperous economic climate, an ability to support a wide variety of jobs, and an opportunity to attract higher-wage employers to the city.**
- The top five industry sectors by employment in Newton for 2017 include:
    - Educational Services (private) (21,350 jobs or 27% of all jobs)
    - Healthcare and Social Assistance (13,062 jobs 16% of all jobs)
    - Professional, Scientific and Technical Services (7,008 jobs or 9% of all jobs)
    - Retail Trade (5,347 jobs or 7% of all jobs)
    - Government (4,997 jobs or 6% of all jobs)
- The sectors growing the most (and providing the most jobs) in Newton are Health Care and Social Assistance; Educational Services; and Professional, Scientific and Technical Services. Educational Services and Professional Services, in particular, tend to be higher-skills, higher-wage jobs, that are better aligned with the city's resident labor force. The sectors contracting are Wholesale Trade; Finance and Insurance; and Retail Trade.

Market Analysis Findings

As part of the initial research to create an economic development strategy for the City of Newton, Camoin Associates conducted a real estate market analysis to determine development opportunities for different use types throughout the city. These use types include office space, lab space, medical office, industrial, retail, hotel, and residential. This information will be used to ensure economic development strategies are

[1] Metropolitan Statistical Areas (MSA) are defined by the United States Census Bureau as: a geographical region with a relatively high population density at its core and close economic ties throughout the area.

grounded in market realities. Market opportunities are summarized in Table 1 with the full report included as Attachment 3.

Table 1: Newton Market Opportunity Summary

Newton Market Opportunity Summary	
Use Type	Opportunity
Office	High vacancy level and a lack of Class A space limit potential for new development, but opportunities exist to reposition and amenitize current inventory.
Lab	Robust growth and soaring rents in Cambridge/Boston life sciences sector presents an opportunity to create a lab space node in Newton.
Medical Office	An aging population and shifting trends in health care delivery means strong demand for medical office space into the future.
Industrial	Land availability constraints and high land costs limit potential for comparatively low-value industrial development.
Retail	High incomes and significant spending leakage are an opportunity for new retail development in the city, but rising rents are squeezing out existing mom-and-pop shops.
Hotel	Sluggish commercial development in Newton and increased room supply in nearby suburbs limits potential, but differentiated boutique hotels are viable.
Residential	Urgent need for smaller, affordable workforce units to house the talent required to attract commercial development. To be affordable, affordable units are more likely to be multifamily rather than single-family homes.

Source: Camoin Associates

Opportunities and Challenges Assessment

The findings of the interviews, data analysis, capacity assessment, and knowledge of the region were compiled into a list of the City of Newton's opportunities and challenges related to economic development and quality of life. This assessment is used to inform the goals, and actions identified in the Action Plan Matrix. The full list of opportunities and challenges are outlined below.

Newton's Opportunities

- Excellent location and proximity within Boston Metro
- Highly educated workforce
- Well established villages
- Well-known reputation as a great place to live
- High-quality schools
- Undergoing zoning redesign
- High incomes and consumer spending power
- Numerous new development projects in progress
- Strong demand for lab space in the region
- Boston College Schiller Institute and UMass Amherst developments
- Three commuter rail and seven MBTA Green Line stops
- Access to the Charles River
- Lower commercial property tax rate that Boston and neighboring communities

Newton's Challenges

- Limited space/sites for development
- Inadequate transportation infrastructure, traffic congestion, and parking challenges
- Limited diversity of housing options
- Negative perception related to predictability and ease of development
- Limited resources for economic development
- Zoning regulations restricting development
- Tension within community around the vision for the future of Newton
- Heavy reliance on residential values for tax base
- Difficulty attracting and retaining entrepreneurial and innovative businesses

What is Constraining the Commercial Component in Mixed-Use Development?

A number of recent mixed-use development proposals with significant residential components have raised questions about why developers are not proposing more commercial development. While the proposals coming forth may seem lopsided, it is important to keep in mind that there is no "typical" balance of residential and commercial programming in a mixed-use property. The mix of uses that a developer pursues depends largely on market demand and the financial return associated with each use type. Market conditions driving development include:

- Newton is a highly desirable place to live and housing commands high prices and rents. As a result, **residential is among the highest-value development types for real estate developers.**
- **There is weak demand in the suburban office market** overall and limited site availability and transportation access.
- **Newton currently has considerable existing vacancies**, over 475,000 square feet, to satisfy small to mid-sized office space requirements.
- There is strong demand for large Class-A office space within the region but **tenants require direct highway or public transit access**, and ideally both. Newton simply does not have many sizable sites that offer this level of access.[2]
- **Many properties are owned by family trusts** which are less likely to make the investment necessary for redevelopment such as adding floors or revamping older buildings.
- Retail and restaurant demand in Newton is strong, but **retail tenants in a mixed-use development typically cannot survive on spending by on-site residents alone**.
- For a mixed-use development to have a successful retail component, it must be well-located along a major corridor or within an existing commercial area with substantial vehicle or pedestrian traffic.

Tax Base Composition

The tax base composition is an important consideration of this Economic Development Action Plan with one of the goals being to grow the commercial base. The following are some key points related to the tax base in Newton.

- Commercial properties in Newton currently make up 8.7% of total real property value, a share that has remained flat since 2008.
- Limited available parcels and the ratio of demand for residential development compared to commercial development account for this stable percentage over the last ten years.
- All but one of the Newton's seven neighboring communities have a higher share of commercial property value.
- In Watertown, the share is nearly 18%, and in Boston and Waltham, these property types represent over 30% of value.
- The City maintains a commercial tax rate that is competitive compared to its neighbors. Boston, Waltham, and Watertown all

Commercial & Industrial Share of New Construction Value, 2008-2018	
Waltham	48.3%
Boston	33.8%
Watertown	28.1%
Needham	20.2%
Newton	**16.1%**
Weston	7.6%
Brookline	7.4%
Wellesley	7.0%

Source: MA Division of Local Services

[2] Note: There are two key areas in Newton with transportation access including Riverside and Needham Street. Riverside has access to the Green Line and 128 and Northland has access to Interstate 95. These two parcels are the exception in Newton.

have higher commercial tax rates than Newton even though those communities have a significantly higher commercial base as a share of their total real property value.

2018 Commercial Property Tax Rate - Rate per $1,000 of Assessed Value	
Newton	**$20.62**
Boston	$25.20
Waltham	$27.97
Watertown	$24.63

Source: Camoin Associates

Given the fact that commercial development typically has a net positive impact on a community's fiscal resources, especially compared to residential development, many in Newton see increased commercial development as a way to pay for City expenditures and shift the property tax burden away from residents. However, to "move the needle" on the balance between commercial and residential value, an extraordinary amount of commercial development would be required. Newton's high number of residential properties and the high values of these properties contribute to this challenge.

To reach a commercial share of 10%, Newton would need over $400 million in new commercial value, equivalent to more than two Wells Avenue Business Parks or more than three of The Street Chestnut Hill retail developments. If new residential development over the next ten years continues at the pace it has maintained over the last ten years, an additional development equivalent to Wells Avenue Business Park will be needed just to preserve the current commercial/residential balance. Moreover, a huge amount of commercial development would be needed to impact residential property tax bills. If Newton added another Wells Avenue today, it would decrease the average property tax bill for a single-family home by 1.5%, which assumes no additional expenses were incurred to the City as a result.

While it will be difficult to meaningfully increase the percent of the tax base from commercial services, it is essential to keep working towards this goal. **Every dollar of new commercial value is worth almost double (1.9x) the residential value in terms of tax revenue generated.** Annual public expenses, and thus the net fiscal impact, associated with commercial development is almost always lower than residential development, as well. As a result, new commercial development will positively impact the City budget, even if the effect is small. Additionally, **new jobs and investment associated with commercial development create employment opportunities for Newton residents within the City limits, creating ripple effects in the city's economy.**

Market Potential by Location

The following matrix (Table 2) compares the potential use types to the different locations throughout Newton to identify areas of greatest potential.

Table 2: City of Newton Uses & Location Opportunity Matrix

City of Newton Uses & Locations Opportunity Matrix							
		Target Locations (applicable districts in *italics*, 13 villages in **bold**)					
Use Type	**Market Potential**	**Needham Street Corridor**	**Washington Street Corridor**	**Charles River Mill District**	**Major Office Centers**	**Major Retail Centers**	**Village Centers**
		N-Squared Innovation District	***West Newton, Newtonville, Newton Corner***	***Nonantum***	*Wells Ave, Riverside*	***Chestnut Hill, Route 9, Newton Centre***	***Auburndale, Highlands, Upper Falls, Lower Falls, Waban, Oak Hill, Thompsonville***
Office	High vacancy level and a lack of Class A space limit potential for new development, but opportunities exist to reposition and amenitize current inventory.	●	●	●	●		○
Lab	Robust growth and soaring rents in Cambridge/Boston life sciences sector presents an opportunity to create a lab space node in Newton.			●	●	○	○
Medical Office	An aging population and shifting trends in health care delivery means strong demand for medical office space into the future.					●	
Industrial	Land availability constraints and high land costs limit potential for comparatively low-value industrial development.		○			○	○
Retail	High incomes and significant spending leakage are an opportunity for new retail development in the city, but rising rents are squeezing out existing mom-and-pop shops.	●	●			●	●
Hotel	Sluggish commercial development in Newton and increased room supply in nearby suburbs limits potential, but differentiated boutique hotels are viable.		●	○		●	○
Multifamily Residential	Urgent need for smaller, affordable workforce units to house the talent required to attract commercial development. To be affordable, affordable units are more likely to be multifamily rather than single-family	●	●	●			

Source: Camoin Associates

Key		
High Potential ●	Some Potential	Limited Potential ○

Emerging Themes

There were a number of core economic development related themes that kept coming up throughout the planning process. These themes drove the development of the specific goals and objectives and guided the conversation about how best to move forward with the City's economic development initiatives. The core concepts and areas for focus included:

- **Business Development, Entrepreneurial Ecosystem, and Workforce Development**: The current assessed value of the City is Newton is heavily weighted towards residential properties, resulting from a high number of very high value homes in the city. With over 85% of the city's assessed value coming from residential properties, there is interest in findings ways to diversify the tax base. **Diversifying the tax base will require attracting, retaining, and expanding the businesses in Newton** through specific business support programs, workforce development initiatives, and innovation and entrepreneurship development. With so much development momentum throughout the Boston Metro, it is has been difficult for Newton to compete when business owners are considering relocating due to the city's constraints related to transportation, available space, and incentives. However, Newton does have specific strengths that can be leveraged to attract commercial development including *location, more affordable space options, and a highly educated workforce*. Strategies related to this theme will require identifying targeted industries and locations for development as well as ensuring the proper programs are being offered to support business enterprises and keep innovation in the city.

Why A Diverse Tax Base in Newton is Important -

The City of Newton's tax base is heavily concentrated in residential assessed value, and it would take significant commercial development to ease the tax burden off of residential property owners. However, even though the ratio of residential to non-residential assessed value is unlikely to shift substantially in the near future, there is a lot of value in commercial development, including: *increased job opportunities for local residents, increased vibrancy and vitality, improved quality of life for residents, a more inclusive environment, and an overall healthier and larger tax base*. Instead of focusing on the percent of residential versus non-residential assessed value, other metrics for understanding the growth of commercial development in Newton include:

- Amount of commercial construction occurring year over year;
- Amount of property tax revenue coming from commercial properties and whether that is increasing or decreasing year over year; and
- Percent of total square footage for residential versus non-residential properties in Newton.

Newton's ability to attract commercial development is closely tied to the core issues of:

- *Significant transportation-related issues* that are limiting accessibility of workers and customers as well as diminishing quality of life for residents;
- *Shortage of available land* or space for development and limited economic development resources like funding for staff, attraction, and incentives:
- Local and regional reputation as a place with a challenging development review process and difficulty of prospective businesses working with neighbors and community members; and
- Local and regional reputation as being a bedroom community.

- **Planning and Development Process and Role of the City of Newton**: The City's current planning and development review process has resulted in significant delays and increased costs for developers looking to do projects in Newton compared to other Massachusetts cities and towns. Unfortunately, Newton is well-known for being particularly difficult for developers. Some challenges include extensive community pushback, city process delays and unpredictability, and lengthy review and discussion periods. There are a number of large-scale proposals on the table that would have positive effects on the city; however, the current process makes it difficult for a developer to have any success moving forward. A crucial recommendation outlined in the Action Plan Matrix is to update the development review process and land use policies to ensure that they align with Newton's goals and are streamlined and predictable.

- **Neighborhoods, Corridors, and Transportation:** Within the City of Newton, there are 13 unique villages ranging from small neighborhood-serving ones like Waban to major commercial hubs like Newton Centre. These villages, along with the commercial corridors of the City including Needham Street, Washington Street, and Route 9, all have varying degrees of development and community engagement. The economic development strategy must address the varying needs of the villages and corridors within the city to ensure all are able to attract and retain suitable development that supports small businesses, diversity in population and real estate product, and aligns with the community's vision for quality of life here.

  The issue of transportation related to economic development was discussed in numerous interviews, public engagement sessions, and within previous research. Transportation issues of congestion, insufficient public transportation options, lack of parking in some areas, and areas of unsafe bike and pedestrian infrastructure came up as a barrier to workforce and customer attraction and ultimately a barrier to business attraction. When businesses struggle to attract and retain their employees because of transportation cost and time, they will look to locate elsewhere, in particular, where employees can travel by bike, public transportation, or walk. Talent attraction is one of the most important factors businesses consider when they are making location decisions. Newton struggles to compete with other nearby localities who have

City of Newton Zoning Code

The City of Newton is undergoing a significant update of the zoning code and related land use regulations. This zoning re-write will address some of the major issues related to economic development, including bringing parcels into conformity with their current use to minimize appeals and amendments, reviewing parking requirements, and ensuring the types of uses that are desired are allowed in the villages and corridors.

Review of the zoning regulations and associated policies will also include considering ways to make the overall process more predictable and faster; this review aligns with the City's goal of growing the commercial tax base.

Housing Diversity

Although not always seen as a typical economic development concern, having a diversity of housing options in Newton is vital to having a range of both employees and commercial sectors. Allowing increased variety of housing in targeted locations, different types of housing options, and different price points ensures that Newton can be home to a range of people and that the businesses are able to get the workers they need, all of which impacts economic development.

invested in necessary infrastructure and other systems to deal with transportation issues. Recommendations in the Action Plan offer guidance on priority infrastructure investments.

Small Businesses

Small, locally owned businesses play an important role in any city, but especially in the villages of Newton. Small businesses have a great impact on the local economy and add flavor, uniqueness, and character to downtowns and village centers. The small businesses in Newton are struggling to remain viable due to high rent for space, parking challenges for customers and employees, and declining spending due to online sales.

Economic Development Action Plan

The Economic Development Action Plan for the City of Newton has been developed to address the primary issues, themes, and opportunities identified. The intent of the plan is to outline specific strategies that the City of Newton and partners can implement that will grow the commercial tax base and improve the City for living, working, and playing. Tactics for wide-ranging strategies and objectives have been included with both short- and long-term steps and priority levels.

Some of the initiatives described on the following pages are already in progress within the City of Newton or have been suggested previously as part of prior planning efforts, while others have been developed based on economic development best practices, an understanding of the issues facing the region and Newton, and potential capacity of City staff. This plan is designed to grow the commercial tax base in an effort to maintain the high level of services that residents currently enjoy while being inclusive to a wide range of residents. The plan was developed around existing and potential staff capacity, yet the objectives in the plan are ambitious to help the City meet ambitious economic development goals.

These initiatives are intended to act as a work plan for the City of Newton and task status should be reviewed regularly for progress-to-completion or a need to change course. While these are important goals and objectives right now, the ever-changing economy, as well as fluctuating state and national priorities, are likely to dictate adjustments to the plan.

The following is a narrative description of the Action Plan Matrix. More detail is provided immediately following in the Action Plan Matrix itself.

Priority First Steps

While all the strategies are important and have been included for a reason, the following should be implemented as soon as possible as they will have the greatest impact and result in momentum for the overall effort.

1) **Complete the review of the zoning code to align it with the goals of the community** to grow the commercial tax base and make village centers and commercial corridors with mass transit thriving with successful retail, restaurants, and residences. Use this time to also review the development review process to find ways to make it faster and more predictable. Complete press releases, developer informational sessions, and other promotional activities to make people aware of the improvements being proposed to improve the perception of Newton's review process and relationship with development. The intention is not to make it easy for developers but rather to make it predictable and not overly onerous in a way that blocks good development from happening.

2) **Update the City of Newton's Economic Development website** to include more information about the strengths of the city, available space, major project happenings, and other tools for businesses looking to potentially locate in the area. Highlight the workforce, high quality of life, and affordable space options as reasons why a business should locate in Newton. Create target landing pages

3) **Continue to reevaluate the Newton Innovation Center** to identify the next steps of the initiative. Find a larger building in a location with restaurants, coffee shops, and other amenities while re-aligning or re-reconfirming the purpose and focus of the Center to clarify who it is trying to serve and why, what goals and objectives the City is trying to accomplish.

4) **Improve the land use policies and development review process to encourage appropriately scaled transit oriented development and walkability**. Use the zoning update to allow for walkable villages and corridors with appropriate parking requirements.

Action Plan

Goal 1 **Take steps to pursue development types that make Newton both commercially successful and a great place to live, work, and play.**

Objective #1.A. - Increase lab space in Newton to capitalize on highly skilled workforce with science background and regional economic trends.

i. Identify a corridor or collection of parcels that will be geared towards lab space and rezone as necessary to encourage development to that area. Look to areas with high market demand such as Nonantum, Wells Ave, and Riverside. Concentrate the lab space to encourage synergies between the businesses and employees.

ii. Use City of Newton resources to invest in transportation infrastructure (bike and pedestrian assets, public transportation, van or car sharing options), technical infrastructure (financing pools, professional service provider inventory, business planning guidance), permitting (fast track, generic review and approvals), etc. to make it easy and attractive for a business to establish a space.

iii. Promote the potential opportunities of Newton to existing lab space developers and operators, including affordability, parking, and community support. Conduct targeted marketing including improved web presence, conferences, and other networking events.

Objective #1.B. - Increase office space in Newton including coworking space to attract and retain companies and increase the commercial tax base.

i. Add office space by allowing appropriately scaled additional stories in the zoning redesign in targeted areas with demand for office space such as Riverside, Wells Avenue, Nonantum, and village centers.

Objective #1.C. - Encourage mixed-use projects in villages and commercial corridors, especially those with mass transit.

i. Redo zoning to make sure that market driven mixed-use developments are allowed in village centers and along commercial corridors. Allow for additional development around commuter rail, T stations, and other multi-modal assets to create mixed-use nodes with increased economic activity, customer base, and vibrancy.

ii. Evaluate proposed mixed-use projects in terms of the proportion of workforce housing to create skills match between housing and employment options.

iii. Encourage development of housing geared towards young professionals and low to middle income families to attract more people to serve business growth.

iv. Encourage housing in villages and commercial corridors with mass transit to create "built in" customers for businesses who need less access to private automobiles.

Objective #1.D. - Take advantage of economic development tools

i. Use Tax Increment Financing (TIF), if necessary, to incentivize commercial development and attract businesses. Develop guidelines for evaluating TIF applications that establish Newton's desired outcomes from TIF-incentivized projects (e.g. quality job creation, sizeable capital investment, attraction of specific industry sectors, etc.) and specify targeted investment areas within the city, including Needham Street, Washington Street, Wells Avenue, the Charles River Mill District, and Newton Centre.

ii. Utilize District Improvement Financing (DIF) for funding traffic and infrastructure improvements, parking structures, and other public projects needed to stimulate private investment in targeted areas within Newton, if necessary. Identify DIF goals and establish a Development District and Development Program for one or more areas within Newton

iii. Assess the potential for using District Improvement Financing (DIF) revenues for Newton to acquire and lease out affordable retail space to local retailers in retail districts including Washington Street and Newton Centre.

About Tax Increment Financing (TIF)

Tax Increment Financing ("TIF"), which enables a municipality to enter into an agreement to reduce taxes on Real Property, is a method that, like District Improvement Financing (DIF), offers incentives for investment in a targeted area. Unlike DIF, TIF requires approval by the state's Economic Assistance Coordinating Council. Municipalities may apply for permission to enter into TIF Agreements through the Economic Development Incentive Program.

Under this TIF legislation, landowners may be granted property tax exemptions of up to 100% of the tax increment. A municipality may enter into a TIF Agreement with a landowner for a maximum term of 20 years. A TIF Zone must be in an area approved by the EACC as an Economic Opportunity Area (EOA) or found to be an area "presenting exceptional opportunities for economic development" by the Director of Economic Development.

TIFs are often approved in conjunction with state tax credits and often have a job creation/retention requirement attached.

- Needham and Boston are the only two neighboring communities of Newton to approve TIF agreements over the last several years.
- In Needham, TIFs were approved for TripAdvisor in 2012 and NBCUniversal in 2017
- In Boston, a TIF was approved for LogMeIn in 2014

Some communities have TIF guidelines on their website that lay out the TIF application process for a potential development. Newton should consider assembling its own set of guidelines.

  - https://www.mma.org/shelburne-develops-tif-guidelines-0
  - http://www.town.barnstable.ma.us/economicdevelopment/TIF%20Application%20Checklist.pdf
  - http://southhadleyma.gov/258/Tax-Increment-Finance-Plan
  - https://www.northamptonma.gov/DocumentCenter/View/878

Goal 2 Focus redevelopment efforts on key parcels and corridors in Newton.

Objective #2.A. - Continue to revitalize Needham Street

i. Complete the Needham Street visioning process and implement recommendations.

ii. Improve the physical environment of Needham Street corridor to make it more pedestrian friendly, implement traffic calming measures, and enhance the appearance.

iii. Work collaboratively with Needham to implement N2 Innovation District initiatives.

iv. Work with the developers of the Northland property to create an appropriately scaled project that will have positive economic benefits for the community creating a mixed-use project that will provide housing, Class A office, retail, and other amenities and will offer new transportation options, types of housing, and more vibrancy.

Objective #2.B. - Pursue development of Riverside

i. Engage neighbors and community in project discussions. Assist with facilitation of conversations with local, regional, and statewide agencies. Highlight the potential of the site resulting from its location along the 128 belt and access to the MBTA station.

ii. Encourage uses that align with the goals of Newton in terms of building out co-working space/office space, diversity of housing types, and diversifying and growing the tax base.

iii. Determine the right mix of uses and size/scale/building height so it works for Newton.

iv. Build transportation infrastructure to serve the Riverside development to enhance multi-modal offerings and ability to move from the site to other places in Newton. Specifically, consider connecting the green line at Riverside to the commuter rail at Auburndale, creating safer walking and biking connections throughout, and creating a connected network of streets within Riverside that also connects at multiple points to the surrounding areas including Recreation Road to avoid overloading Grove Street.

Objective #2.C. – Build out the Charles River Mill District

i. Align zoning with goals to be a mixed-use neighborhood with opportunities for lab space and support services.

ii. Build the brand of the Charles River Mills District. Inventory the assets and strengths of the area and incorporate into promotion material as a good option for those companies looking for a moderate cost and industrial/urban setting.

iii. Develop lab space in this district, an emerging opportunity.

iv. Encourage the proper mix of services (eg - Restaurants, coffee shops, day care, etc.) to serve residents, businesses, and employees.

Objective #2.D. - Realign the Wells Avenue Business Park

i. Implement the recommendations from the Wells Ave Vision plan including creating a secondary entrance/exit.

ii. Increase the height restrictions to allow for additional growth.

iii. Allow for a variety of non-housing (gyms, restaurants, cafes, personal services, etc.) and create additional amenities for businesses and workers.

iv. Improve the quality of the roads, sidewalks, lighting, seating, signage, and general appearance of the Wells Avenue Business Park for all users.

Objective #2.E. - Revitalize Washington Street

i. Continue to engage the community in the Washington Avenue Corridor Visioning and Zoning process and direct development to align with community vision.

ii. Make physical improvements and transportation related improvements that align with the vision identified.

Objective #2.F. - Develop a vision plan for Newton Centre

i. Complete a full market analysis to identify the specific opportunities for Newton Centre, including community infrastructure.

ii. Engage community and neighbors in the process to allow for feedback on potential growth, use types, new projects, and investments.

iii. Amend zoning to be consistent with vision.

iv. Limit the number of banking institutions to diversify mix of business.

v. Encourage building second and third floors on existing building for office and residential.

vi. Encourage more co-working space.

Objective #2.G. - Focus development of larger villages as regional centers for business and retail

i. Focus on creating a vibrant environment in the larger villages, especially those with mass transit, through attraction of restaurants, retail, housing, and office/co-working space. Review all zoning regulations to ensure they accommodate an increase in square footage of development that is in line with the community goals for each village.

ii. Design parking recommendations to ease congestion and make it easier for businesses and residents.

Goal 3 Support the start-up, growth, stability, and vitality of businesses and entrepreneurs in Newton.

Objective #3.A. - Create a business environment in Newton that provides more support for small and local businesses

i. Create a regular communication system to ensure easy access of information related to business resources, training programs, and support that is available digitally and in hard copy.

ii. Establish land use policies that encourage or require affordable rent for locally-owned retail establishments in targeted locations throughout Newton.

iii. Partner with the Chamber, higher education, and other organizations to offer networking events for small businesses and entrepreneurs for both partnership development and to create a support system. Use events to highlight service providers that are well versed in the challenges facing small businesses in Newton.

iv. Make changes to zoning code to ensure co-working, incubator, and makers spaces are allowed as a right within targeted areas.

v. Continue to engage with the N2 Innovation District and collaborate on efforts that will highlight Newton as attractive and open for business.

vi. Identify funding sources for businesses and property owners to work with enforcement officials around improvements to bring buildings up to code.

vii. Ensure zoning code allows home based businesses with appropriate regulations to preserve neighborhood character.

Objective #3.B. – Leverage the Economic Development Commission

i. Use the Economic Development Commission as a partner in implementation of the Economic Development Action Plan.

ii. Continue to have the EDC weigh in on City of Newton matters related to or impacting business and economic development.

iii. Use the EDC to communicate and work with the village and corridor stakeholders to understand and plan for how their goals and objectives fit into the Economic Development Action Plan.

Role of the Economic Development Commission

From *City Capacity Assessment* by Camoin (Attachment 4)- The Economic Development Commission was established by City ordinance with a mission to promote and develop business and industry for the purpose of strengthening the local economy, providing jobs, and expanding the City's tax base. The Commission promotes, assists, and encourages existing and new business, industry, and commerce in Newton and advises and makes recommendations to City officials and staff.

Recommendations

Success in Newton and regional economic development requires an ongoing commitment to understand, plan, implement, and measure policies and actions. While the EDC is not a policy-making or an independent body that can take or implement action, they can and should play a critical role in economic development. Based on the work completed for the Economic Development Action Plan, we recommend the following as it relates to the EDC's role:

1. With support from staff, be the primary overseer of Economic Development Action Plan including communicating its results, briefing the Mayor, Council, and relevant committees, businesses and the public; regularly reviewing progress using the action plan matrix, reporting progress, and making recommendations for any course-adjustments. This should be done at least annually.
2. Objectively weigh in on City matters related to business and economic development. Specifically focus on impacts or implications of City policies and actions on the business environment, economic growth and development.
3. Communicate and work with the Chamber, Neighborhood Councils, and village or corridor groups to understand and plan for how their goals and objectives can fit within the City's overall Economic Development Action Plan.

Objective #3.C. - Improve the external marketing of Newton’s business environment

i. Create a more professional economic development website with web-based applications and GIS platforms.

ii. Update the economic development website to make it easier to access. Include targeted demographic, economic and workforce data, infrastructure availability, and contact information.

iii. Create a targeted bio/life sciences landing page that has marketing material targeted towards developers and businesses that highlight the workforce skills and qualifications of residents, available space and any shovel ready sites, Gold Bio-Ready Rating, and the ease of the process.

iv. Create a workforce landing page that describes the workforce and why Newton is a good place to do business.

v. Create a retail/demographic landing page that describes why Newton is a good place to open a store.

vi. Enhance the City of Newton's commercial real estate connection services through use of MLS listing, tracking of available space, development of web-based applications, and redesign of the Commercial Real Estate Connection page.

vii. Increase the marketing budget as resources and demand allows.

Objective #3.D. - Better understand and provide more support to existing businesses by expanding Newton's business visitation program.

i. Implement a formal Business Retention and Expansion program, and partner with an organization such as the Regional Chamber. Work with partner organizations to create a base list of questions for all contacts and a central point for documentation of the visit to make sure all information is shared and follow-up conducted.

ii. Continue to create a schedule and priority list for what companies to conduct visitation with. Focus efforts on the larger businesses first with regular integration of the smaller businesses that have potential to grow.

iii. Review the pre-visit survey to identify topics for discussion, conduct visit, track information and issues, and follow-up site visits with responses back to the business. Input all data and information in a digital system or platform to keep track of any necessary follow-up. Use information to address immediate issues through referral or immediate action and/or identify themes and provide recommendations to the City of Newton.

Objective #3.E. – Implement policies to support small retailers and improve their ability to remain viable.

i. Recognize historic businesses as special Newton assets by creating a registry of long-established small retail businesses and evaluate using this information to design a financial assistance program.

ii. Consider employing small business friendly zoning that preserves and increases supply of small retail spaces, and includes a business diversity ordinance.

iii. Work to engage landlords in discussions around economic development issues in villages and the role that they play in supporting small retail.

iv. Create opportunity for local Newton businesses in government properties when appropriate.

City of Newton Retail Strategies

Newton's thirteen villages each have their own unique mix of local businesses, historic assets, and public amenities. They are under increasing rent pressure from the booming regional real estate market:

> *The core retail markets inside and along Route 128 have seen record-setting rents as of late, and are expected to remain steady. In this area, average rents of $50-$55 per square foot NNN for small shop space and $25-$30 per square foot NNN for larger spaces are common. For every operator that comes into this area aggressively but cannot sustain sales sufficient to cover high rents, there are strong tenants ready to backfill that space. Recent successful retail developments in Newton include The Street Chestnut Hill and Newton Nexus.*

While these trends are great for the tax base, property owners, and developers, the spike in commercial rents is outpacing sales growth for Newton's small businesses. Combined with the need to adapt quickly to eCommerce trends in the industry, competition from national chains, and a limited supply of affordable space, Newton's long-established independent businesses are under threat; some have already shuttered their storefronts. As small local businesses are forced to leave, Newton's sense of place is diminished.

See Attachment 5 for more information on strategies to preserve local retail establishments.

Objective #3.E. - Expand capacity of Newton Innovation Center (NIC)

i. Clarify the purpose and focus of the Center, including who it is trying to serve and why, and what goals and objectives Newton is trying to accomplish. Focus on entrepreneurs and businesses with employees who live and work in Newton or at least have expressed interest in growing in Newton outside of the NIC.

ii. Actively look for a larger building closer to more restaurants, coffee shops, entertainment, small offices, and mass transit.

iii. Establish guidelines for accepting and graduating clients/tenants connected to the purpose, goals and objectives. Make clients and tenants apply and then base acceptance on a case-by-case basis using the guidelines.

iv. Develop and implement a more formal evaluation and metric system specifically to show progress towards meeting goals and objectives. Report results annually to the EDC and City of Newton.

v. Expand the focus to include small business services (regardless of sector) for existing Newton businesses.

vi. Increase visibility through social media, stories, and the Website.

Newton Innovation Center

The City of Newton works in collaboration with the Regional Chamber and the Cambridge Innovation Center to run the Newton Innovation Center (NIC), a center based in a municipal building.

The Center has served 126 clients since it began (40 since last June) in 2016. Less than ten of these have been Newton companies. Of clients served, only 1 company has left (graduated from the Center) and that company is moving to Rhode Island; none have graduated and stayed within Newton.

Clients/tenants pay monthly rent of $175 for co-working space and $350 for dedicated office space which is significantly below market value rates in Newton. Initial investment by the City of Newton was the building itself which is a City owned building. The City provides building maintenance and care but beyond that there are no other annual costs to the City. The City receives annual revenues from the Center in the amount of $8,500 ($6000 license fee, $2400 cleaning fee) for a net fiscal benefit of $6,000 annually.

There are no specific criteria for accepting clients other than space limitations. Thus far the Center has had to turn away about eight companies due to space availability. There is also no policy or criteria for graduating clients. They can stay as long as they wish as long as the pay the rent. In terms of evaluation and tracking results, the Center sends out a survey to the tenants each year when their license agreement is renewed to track results on number of companies using the space but there is no broader evaluation based on meeting economic objectives or outcomes overall for the Center.

Targeted Industries

Based on our analysis (data and findings for which is presented in the Base Analysis), we recommend the following industry targets. These were based on historic and projected trends in Newton and the surrounding region related to industry size, concentration, growth, and earnings along with our knowledge of emerging industry trends. They are also recommended based on the existing labor force, education levels and demographics.

- Healthcare – large and small providers, companies within the supply chain or needing to partner with healthcare providers, health care practices seeking real estate/office space, home health networks, entrepreneurs within the health care space, and health-tech (healthcare and IT)
- Educational services – including private training, online businesses, business that can benefit from access to education institutions, high education levels, enrichment training and learning including the arts, education technology
- Professional, scientific and technical – particularly computer systems design which is a regional and local strength, management and consulting, science and technology
- FIRE – finance, insurance, and real estate – though experiencing some declines in sub sector, overall a good match for the City and region with leading rea estate knowledge forms, string workforce skills in analytics, management, and IT
- Possible emerging opportunity – life sciences, biotech – strong in Greater Boston Region is an opportunity for companies looking to move out of start-up phase to a corporate home if lab space can be developed (see real estate section).

In terms of business retention, expansion and attraction tactics for the City of Newton

1. **Focus on retention and expansion as the top priority – assisting with planning, codes, licenses, customer service, connecting business to solve problems of business already there. Help any and all businesses for retention and expansion regardless of sector.**
2. Work with Chamber and regional partners on coordinating attraction efforts – effort will require business intelligence, lead generation, and building networks nationally and globally which will require resources beyond which can be provided by the City alone.
3. Key selling points – Boston metro – globally recognized metro, safety, education levels/workforce, education institutions, technology intensive region, neighborhoods and villages outside of downtown Boston but near to it, high quality services (school system, parks recreation, library etc.....); and, lower price real estate than parts of Boston.
4. Update website to reflect information on economic development specifically related to these targets and tactics.

Objective #3.G. - Implement regular opportunities for feedback from businesses in the villages and corridors

i. Run a series of round-table discussions in each of the villages to gather information from landlords, property owners, business owners and residents about what they want for their village. Use these conversations to focus on identifying priority projects, specific improvements, opportunities to establish a unique village, and what business owners need. Assess what citizens and businesses are interested in committing their time and efforts to.

ii. Identify what is needed from the City of Newton to make priority projects happen in terms of funding, support, and education, and provide this information to village representatives following round-table discussions.

Objective #3.H. - Target growth sectors based on Newton's strengths - bio/life sciences; healthtech; professional and technical services (including IT)

i. Integrate tactics geared specifically towards these sector opportunities into business expansion and attraction efforts. Identify Stage 1 and 2 companies (1-10 employees) looking to grow but not necessarily wanting a City of Boston location.

ii. Update website to reflect information on economic development related to these targets and tactics. Identify, highlight, and promote success stories of companies in Newton in these targeted sectors through social media, press releases, and newsletter communications.

iii. Work with Newton North High School and Newton South High School to create internships, career pathways, and other workforce development systems to prepare students for potential careers or business opportunities.

iv. Work with Chamber and regional partners on coordinating attraction efforts.

Objective #3.G. - Create an inventory of funding sources and financing tools

i. Inventory all the funding sources and resources available to businesses in Newton for a variety of issues including mentoring, capital costs, training, retaining, retraining, etc. Make this information available on the website and update regularly. Look to inventory Small Business Assistance programs, low interest loan options, grant programs, and other alternative financing tools. Consider having EDC play a role in this effort.

ii. Reach out to residents of Newton to consider establishment of a Newton-specific angel investment fund to support entrepreneurs and start-ups who want to stay and grow in Newton. Engage existing investors and businesses in Newton and highlight the benefits of growing and keeping successful businesses local. Align this effort with the strategies and efforts for the NIC.

Goal 4 Make the development process more predictable and efficient including community consensus and refinement of the review process.

Objective #4.A. - Create positive, community-based conversations around the future of Newton

i. Engage villages residents around what they want for their local area. Include a citywide discussion around the future of Newton, and the role of "village" within the larger city as it pertains to the future.

ii. Find ways to engage the residents of Newton in regular positive, open discussions around the core issues facing Newton including diversity, affordability, residential growth, inclusion, local initiatives and funding for projects. Make these conversations ongoing through multiple channels and use the information gathered to guide economic development in the direction desired by the community.

Objective #4.B. - Improve the development review process

i. Create two tracks for zoning review (smaller vs larger commercial projects) to allow for a more efficient process.

ii. Improve the existing one stop shop within Newton to assist with larger projects and act as a liaison through the review process.

iii. Improve and possibly streamline procedures for engaging the community around large projects that are being proposed. Engage developers early in community discussions to identify issues and have fewer delays.

iv. Implement a customer service survey for applicants to identify areas for improvement. Implement recommended changes as appropriate.

Objective #4.C. - Review all land use regulations and development policies

i. Complete the zoning redesign project and ensure regulations are predictable and align with stated goals of the community around economic development, livability, diversity, density, and inclusion. Create guidelines for when and where to increase height and square footage allowed in commercial areas to growth the commercial tax base and have vibrancy. Focus on core commercial areas and village centers, particularly those areas with multi-modal transportation options and existing infrastructure.

ii. Focus zoning redesign on reducing the need for special use permits to make development more predictable and easier in places where it is appropriate.

iii. Reduce or eliminate parking requirements for ground floor uses in village centers.

iv. Provide the public and decision makers better information about the fiscal impact of land use decisions. Prepare an impact analysis guide that outlines the cost of different types of development on Newton including types of residential, commercial, retail, open space, etc. Use this as a tool to guide policy, decision making, and public education.

Objective #4.D. - Improve development review process to create more walkable developments in areas close to Newton's transit assets

i. Use zoning update process to clarify regulations for more walkable villages and commercial corridors and to consider parking requirements in context.

ii. Require analysis of transportation options as part of development analysis to understand impacts.

iii. Streamline design review process to make it predictable and efficient for applicants.

iv. Create a transportation fund, where developers can pay for site context improvements or for specific elements to be implemented in the capital improvement program.

Goal 5 — Maintain and enhance the special qualities of Newton while improving transportation throughout Newton for residents, businesses, and visitors.

Objective #5.A. - Promote multimodal transportation safety and comfort in villages and neighborhoods

i. Enhance sidewalks, crossings, and add bike parking to increase safety, attractiveness, and usability and to support a "park once" environment to reduce extra driving in village centers.

ii. Expand placemaking and beautification measures at street level to promote walkabilty.

iii. Implement slow traffic zones where needed.

iv. Invest in transit and cycling networks and services to serve younger workforces that want alternatives to commuting by car. Specifically, focus on linking gaps between mass transit services and bike paths and employment centers.

Objective #5.B. - Use shared parking to reduce parking footprint in village centers

i. Update zoning policy to enable shared parking exceptions.

ii. Assist willing property owners in drawing up and implementing joint agreements that would allow for shared parking opportunities.

iii. Establish and adopt a parking availability goal (could be village-wide or sub areas)

iv. Regularly evaluate supply and demand of public and private parking use to evaluate needs and compliance with goal.

v. Use supply and utilization data to examine the right amount of parking as part of future developments.

vi. Use parking technology to encourage motorists to park in the most appropriate places.

Objective #5.C. - Comprehensively evaluate private shuttle routes that operate to create a more inclusive and comprehensive community transit system

i. Partner with operators to develop a mutually-beneficial system between private and institutional shuttles while also filling needed gaps in service.

ii. Partner with adjacent municipalities to create sub-regional service.

iii. Promote and incentivize ridership.

Objective #5.D. - Focus on maintaining the character and unique feeling of the villages while supporting economic vibrancy

i. City of Newton representatives should continue to regularly visit businesses and attend neighborhood meetings to identify concerns and challenges to the business environment and how small businesses can be supported. Work with residents to identify any issues or concerns that impact their quality of life and their ability to interact at the neighborhood level.

ii. Invest in public infrastructure, streetscape improvements, street furniture, parks, and green space to create opportunities for increased interactions among neighbors and walkability.

iii. Work cooperatively with businesses and residents to create small scale community gathering places (playgrounds, street furniture, etc.) events and opportunities for place making and neighborhood scale networking.

Objective #5.E. - Enhance Newton's thriving arts community

i. Support the Newton Cultural Alliance and Newton Pride and engage the arts community in identifying and addressing what issues or challenges they are facing.

ii. Develop a Newton Cultural Plan that outlines needs, opportunities, and specific strategies for implementation.

iii. Review permitting process for art events and other events in the community. Make adjustments as appropriate to streamline requirements and make it more accessible.

iv. Incorporate art into new projects such as space for artists to live or work, commissioning of pieces, and more community art experiences.

v. Continue to provide matching funds to support Newton's participation in the Mass Cultural Council.

vi. Work with the Chamber and the Economic Development Planner to continue to connect developers with the art community for engagement and strategizing.

Objective #5.F. - Create initiatives that highlight and promote the unique aspects and quality of life of Newton

i. Enhance the use, appreciation, and protection of the Charles River by attracting water enhanced and water based businesses. Implement recommendations identified in the N2 Innovation District Plan to develop trail connections along the Charles River to create a “river walk.” Repurpose the unused rail bridge across the river between Christina Street and the river walk for pedestrian access. Expand infrastructure for canoeing and kayaking in the Charles River, such as additional boat launches. Market these recreational opportunities to residents, employees, and visitors. Highlight access and view points to incorporate the Charles into the day-to-day life of Newton residents and workers.

ii. Invest in the gateways at the main "entrances" to Newton including signs, planters, street art, and other techniques to engage those who are passing through and ensure that they know they are arriving in Newton, a special city.

iii. Enhance the unique Newton feel of each village and commercial corridor with signage, benches, light fixtures, planters, art, etc.
iv. Work cooperatively with business and residents to create small scale community gathering places (playgrounds, street furniture, etc.) events and opportunities for place making and neighborhood scale networking.

Attachment 1: Action Plan Matrix

Appendix 1

		City of Newton Action Plan Matrix				
	Goal 1: Take steps to pursue development types that make Newton both commercially successful and a great place to live, work, and play.					
	Rationale: For Newton to successfully move towards the desired future there are specific steps that Newton can take to encourage development of specific use-					
	Objective	**Actions**	**Lead and Partners**	**Priority Level and Timeframe**	**Resource Level**	**Measures for Progress and Success**
1.A.	Increase lab space in Newton to capitalize on highly skilled workforce with science background and regional economic trends.	i. Identify a corridor or collection of parcels that will be geared towards lab space and rezone as necessary to encourage development to that area. Look to areas with high market demand such as Nonantum, Wells Ave, and Riverside. Concentrate the lab space to encourage synergies between the businesses and employees. ii. Use City of Newton resources to invest in transportation infrastructure (bike and pedestrian assets, public transportation, van or car sharing options), technical infrastructure (financing pools, professional service provider inventory, business planning guidance), permitting (fast track, generic review and approvals), etc. to make it easy and attractive for a business to establish a space. iii. Promote the potential opportunities of Newton to existing lab space developers and operators, including affordability, parking, and community support. Conduct targeted marketing including improved web presence, conferences, and other networking events.	City of Newton, EDC	High, Short Term	Staff Time and High Level of Capital Investment	Total square feet of lab space, Number of related jobs in Newton, Number of related companies in the city.
1.B.	Increase office space in Newton including coworking space to attract and retain companies and increase the commercial tax base.	i. Add office space by allowing appropriately scaled additional stories in the zoning redesign in targeted areas with demand for office space such as Riverside, Wells Avenue, Nonantum, and village centers.	City of Newton	High, Short Term	Staff Time	Total square feet of occupied office space
1.C.	Encourage mixed-use projects in villages and commercial corridors, especially those with mass transit.	i. Redo zoning to make sure that market driven mixed-use developments are allowed in village centers and along commercial corridors. Allow for additional development around commuter rail, T stations, and other multi-modal assets to create mixed-use nodes with increased economic activity, customer base, and vibrancy. ii. Evaluate proposed mixed-use projects in terms of the proportion of workforce housing to create skills match between housing and employment options. iii. Encourage development of housing geared towards young professionals and low to middle income families to attract more people to serve business growth. iv. Encourage housing in villages and commercial corridors with mass transit to create "built in" customers for businesses who need less access to private automobiles.	City of Newton	Medium, Short Term	Staff Time	Total square feet of occupied space within .25 miles of multi-modal assets, Number of residential units considered affordable for the workforce
1.D.	Take advantage of economic development tools	i. Use Tax Increment Financing (TIF), if necessary, to incentivize commercial development and attract businesses. Develop guidelines for evaluating TIF applications that establish Newton's desired outcomes from TIF-incentivized projects (e.g. quality job creation, sizeable capital investment, attraction of specific industry sectors, etc.) and specify targeted investment areas within the city, including Needham Street, Washington Street, Wells Avenue, the Charles River Mill District, and Newton Centre. ii. Utilize District Improvement Financing (DIF) for funding traffic and infrastructure improvements, parking structures, and other public projects needed to stimulate private investment in targeted areas within Newton, if necessary. Identify DIF goals and establish a Development District and Development Program for one or more areas within Newton iii. Assess the potential for using District Improvement Financing (DIF) revenues for Newton to acquire and lease out affordable retail space to local retailers in retail districts including Washington Street and Newton Centre.	City of Newton	Medium, Mid-Term	Staff Time	New development induced

Goal 2: Focus redevelopment efforts on key parcels and corridors in Newton.

Rationale: There are a number of corridors and areas of Newton that are especially well positioned for economic development opportunities.

	Objective	Actions	Lead and Partners	Priority Level and Timeframe	Resources	Measures for Progress and Success
2.A.	Continue to revitalize Needham Street	i. Complete the Needham Street visioning process and implement recommendations. ii. Improve the physical environment of Needham Street corridor to make it more pedestrian friendly, implement traffic calming measures, and enhance the appearance. iii. Work collaboratively with Needham to implement N2 Innovation District initiatives. iv. Work with the developers of the Northland property to create an appropriately scaled project that will have positive economic benefits for the community creating a mixed-use project that will provide housing, Class A office, retail, and other amenities and will offer new transportation options, types of housing, and more vibrancy.	City of Newton, EDC	High, Short Term	Moderate Staff Time	Number of community engagement sessions, Total number of commercial square footage
2.B.	Pursue development of Riverside	i. Engage neighbors and community in project discussions. Assist with facilitation of conversations with local, regional, and statewide agencies. Highlight the potential of the site resulting from its location along the 128 belt and access to the MBTA station. ii. Encourage uses that align with the goals of Newton in terms of building out co-working space/office space, diversity of housing types, and diversifying and growing the tax base. iii. Determine the right mix of uses and size/scale/building height so it works for Newton. iv. Build transportation infrastructure to serve the Riverside development to enhance multi-modal offerings and ability to move from the site to other places in Newton. Specifically, consider connecting the green line at Riverside to the commuter rail at Auburndale, creating safer walking and biking connections throughout, and creating a connected network of streets within Riverside that also connects at multiple points to the surrounding areas including Recreation Road to avoid overloading Grove Street.	City of Newton, EDC	High, Short Term	Minimal Staff Time	Number of community engagement sessions, Total number of commercial square footage
2.C.	Build out the Charles River Mill District	i. Align zoning with goals to be a mixed-use neighborhood with opportunities for lab space and support services. ii. Build the brand of the Charles River Mills District. Inventory the assets and strengths of the area and incorporate into promotion material as a good option for those companies looking for a moderate cost and industrial/urban setting. iii. Develop lab space in this district, an emerging opportunity. iv. Encourage the proper mix of services (eg - Restaurants, coffee shops, day care, etc.) to serve residents, businesses, and employees.	City of Newton, EDC, City of Watertown	Medium, Mid-Term	Staff Time	Total commercial square feet in Charles River Mill District.
2.D.	Realign the Wells Avenue Business Park	i. Implement the recommendations from the Wells Ave Vision plan including creating a secondary entrance/exit. ii. Increase the height restrictions to allow for additional growth. iii. Allow for a variety of non-housing (gyms, restaurants, cafes, personal services, etc.) and create additional amenities for businesses and workers. iv. Improve the quality of the roads, sidewalks, lighting, seating, signage, and general appearance of the Wells Avenue Business Park for all users.	City of Newton, EDC	Medium, Mid-Term	Minimal Staff Time	Occupancy in Wells Ave Business Park
2.E.	Revitalize Washington Street	i. Continue to engage the community in the Washington Avenue Corridor Visioning and Zoning process and direct development to align with community vision. ii. Make physical improvements and transportation related improvements that align with the vision identified.	City of Newton, EDC	Medium, Mid-Term	Moderate Staff Time	Number of community engagement sessions, Total number of commercial square footage

2.F.	Develop a vision plan for Newton Centre	i. Complete a full market analysis to identify the specific opportunities for Newton Centre, including community infrastructure. ii. Engage community and neighbors in the process to allow for feedback on potential growth, use types, new projects, and investments. iii. Amend zoning to be consistent with vision. iv. Limit the number of banking institutions to diversify mix of business. v. Encourage building second and third floors on existing building for office and residential. vi. Encourage more co-working space.	City of Newton, EDC	Medium, Mid-Term	Minimal Staff Time	Completion of market analysis, Zoning review complete
2.G.	Focus development of larger villages as regional centers for business and retail	i. Focus on creating a vibrant environment in the larger villages, especially those with mass transit, through attraction of restaurants, retail, housing, and office/co-working space. Review all zoning regulations to ensure they accommodate an increase in square footage of development that is in line with the community goals for each village. ii. Design parking recommendations to ease congestion and make it easier for businesses and residents.	City of Newton	High, Mid-Term and ongoing	Minimal Staff Time	Square feet of commercial use within village districts

Goal 3: Support the start-up, growth, stability, and vitality of businesses and entrepreneurs in Newton.

Rationale: By supporting entrepreneurs and businesses, Newton will grow its tax base, create new economic opportunities for all, and build vibrancy of villages and commercial corridors.

	Objective	Actions	Lead and Partners	Priority and Timeframe	Resources	Measures for Progress and Success
3.A.	Create a business environment in Newton that provides more support for small and local businesses	i. Create a regular communication system to ensure easy access of information related to business resources, training programs, and support that is available digitally and in hard copy. ii. Establish land use policies that encourage or require affordable rent for locally-owned retail establishments in targeted locations throughout Newton. iii. Partner with the Chamber, higher education, and other organizations to offer networking events for small businesses and entrepreneurs for both partnership development and to create a support system. Use events to highlight service providers that are well versed in the challenges facing small businesses in Newton. iv. Make changes to zoning code to ensure co-working, incubator, and makers spaces are allowed as a right within targeted areas. v. Continue to engage with the N2 Innovation District and collaborate on efforts that will highlight Newton as attractive and open for business. vi. Identify funding sources for businesses and property owners to work with enforcement officials around improvements to bring buildings up to code. vii. Ensure zoning code allows home based businesses with appropriate regulations to preserve neighborhood character.	City of Newton, EDC, Chamber of Commerce	High, Short Term and ongoing	Moderate Staff Time	Number of businesses in Newton
3.B.	Leverage the Economic Development Commission	i. Use the Economic Development Commission as a partner in implementation of the Economic Development Action Plan. ii. Continue to have the EDC weigh in on City of Newton matters related to or impacting business and economic development. iii. Use the EDC to communicate and work with the village and corridor stakeholders to understand and plan for how their goals and objectives fit into the Economic Development Action Plan.	EDC	High, Short Term and ongoing	Minimal Staff Time	Number of actions implemented.
3.C.	Improve the external marketing of Newton's business environment	i. Create a more professional economic development website with web-based applications and GIS platforms. ii. Update the economic development website to make it easier to access. Include targeted demographic, economic and workforce data, infrastructure availability, and contact information. iii. Create a targeted bio/life sciences landing page that has marketing material targeted towards developers and businesses that highlight the workforce skills and qualifications of residents, available space and any shovel ready sites, Gold Bio-Ready Rating, and the ease of the process. iv. Create a workforce landing page that describes the workforce and why Newton is a good place to do business. v. Create a retail/demographic landing page that describes why Newton is a good place to open a store. vi. Enhance the City of Newton's commercial real estate connection services through use of MLS listing, tracking of available space, development of web-based applications, and redesign of the Commercial Real Estate Connection page. vii. Increase the marketing budget as resources and demand allows.	City of Newton, EDC, Consultant	High, Immediate and ongoing	$50,000 for initial website upgrade plus $10,000 per year for maintenance	Number of visits to the websites
3.D.	Better understand and provide more support to existing businesses by expanding Newton's business visitation program.	i. Implement a formal Business Retention and Expansion program, and partner with an organization such as the Regional Chamber. Work with partner organizations to create a base list of questions for all contacts and a central point for documentation of the visit to make sure all information is shared and follow-up conducted. ii. Continue to create a schedule and priority list for what companies to conduct visitation with. Focus efforts on the larger businesses first with regular integration of the smaller businesses that have potential to grow. iii. Review the pre-visit survey to identify topics for discussion, conduct visit, track information and issues, and follow-up site visits with responses back to the business. Input all data and information in a digital system or platform to keep track of any necessary follow-up. Use information to address immediate issues through referral or immediate action and/or identify themes and provide recommendations to the City of Newton.	City of Newton, EDC, Chamber of Commerce	High, Short Term and ongoing	Moderate Staff Time	Number of businesses visited each year

3.E.	Implement policies to support small retailers and improve their ability to remain viable.	i. Recognize historic businesses as special Newton assets by creating a registry of long-established small retail businesses and evaluate using this information to design a financial assistance program. ii. Consider employing small business friendly zoning that preserves and increases supply of small retail spaces, and includes a business diversity ordinance. iii. Work to engage landlords in discussions around economic development issues in villages and the role that they play in supporting small retail. iv. Create opportunity for local Newton businesses in government properties when appropriate.	City of Newton, EDC, Chamber of Commerce, Neighborhood Area Councils	High, Immediate and ongoing	Extensive Staff Time	Number of locally owned small retail establishments in Newton.
3.F.	Expand capacity of Newton Innovation Center (NIC)	i. Clarify the purpose and focus of the Center, including who it is trying to serve and why, and what goals and objectives Newton is trying to accomplish. Focus on entrepreneurs and businesses with employees who live and work in Newton or at least have expressed interest in growing in Newton outside of the NIC. ii. Actively look for a larger building closer to more restaurants, coffee shops, entertainment, small offices, and mass transit. iii. Establish guidelines for accepting and graduating clients/tenants connected to the purpose, goals and objectives. Make clients and tenants apply and then base acceptance on a case-by-case basis using the guidelines. iv. Develop and implement a more formal evaluation and metric system specifically to show progress towards meeting goals and objectives. Report results annually to the EDC and City of Newton. v. Expand the focus to include small business services (regardless of sector) for existing Newton businesses. vi. Increase visibility through social media, stories, and the Website.	City of Newton, EDC, Chamber	High, Immediate	Extensive Staff Time	Number of companies in NIC, Number of companies leaving NIC and staying in Newton
3.G.	Implement regular opportunities for feedback from businesses in the villages and corridors	i. Run a series of round-table discussions in each of the villages to gather information from landlords, property owners, business owners and residents about what they want for their village. Use these conversations to focus on identifying priority projects, specific improvements, opportunities to establish a unique village, and what business owners need. Assess what citizens and businesses are interested in committing their time and efforts to. ii. Identify what is needed from the City of Newton to make priority projects happen in terms of funding, support, and education, and provide this information to village representatives following round-table discussions.	Mayor, City of Newton, EDC, Neighborhood Area Councils	High, Short Term and ongoing	Staff and volunteer time	Number of events held, Number of attendants
3.H.	Target growth sectors based on Newton's strengths - bio/life sciences; healthtech; professional and technical services (including IT)	i. Integrate tactics geared specifically towards these sector opportunities into business expansion and attraction efforts. Identify Stage 1 and 2 companies (1-10 employees) looking to grow but not necessarily wanting a City of Boston location. ii. Update website to reflect information on economic development related to these targets and tactics. Identify, highlight, and promote success stories of companies in Newton in these targeted sectors through social media, press releases, and newsletter communications. iii. Work with Newton North High School and Newton South High School to create internships, career pathways, and other workforce development systems to prepare students for potential careers or business opportunities. iv. Work with Chamber and regional partners on coordinating attraction efforts.	City of Newton, EDC, School District	Medium, Short Term	Moderate Staff Time	Number of businesses in targeted industries
3.I.	Create an inventory of funding sources and financing tools	i. Inventory all the funding sources and resources available to businesses in Newton for a variety of issues including mentoring, capital costs, training, retaining, retraining, etc. Make this information available on the website and update regularly. Look to inventory Small Business Assistance programs, low interest loan options, grant programs, and other alternative financing tools. Consider having EDC play a role in this effort. ii. Reach out to residents of Newton to consider establishment of a Newton-specific angel investment fund to support entrepreneurs and start-ups who want to stay and grow in Newton. Engage existing investors and businesses in Newton and highlight the benefits of growing and keeping successful businesses local. Align this effort with the strategies and efforts for the NIC.	City of Newton	Medium, Mid-Term	Minimal Staff Time	Inventory of financial tools, Creation of a DIF or TIF district

Goal 4: Make the development process more predictable and efficient including community consensus and refinement of the review process.

Rationale: Enhancing the efficiency of the development process, while at the same time respecting the wishes of the community, will create a more positive business environment and attract additional development to Newton.

	Objective	Actions	Lead and Partners	Priority and Timeframe	Resources	Measures for Progress and Success
4.A.	Create positive, community-based conversations around the future of Newton	i. Engage villages residents around what they want for their local area. Include a citywide discussion around the future of Newton, and the role of "village" within the larger city as it pertains to the future. ii. Find ways to engage the residents of Newton in regular positive, open discussions around the core issues facing Newton including diversity, affordability, residential growth, inclusion, local initiatives and funding for projects. Make these conversations ongoing through multiple channels and use the information gathered to guide economic development in the direction desired by the community.	City of Newton, EDC, Neighborhood Area Councils	High, Immediate and ongoing	Moderate Staff Time	Number of events and sessions held
4.B.	Improve the development review process	i. Create two tracks for zoning review (smaller vs larger commercial projects) to allow for a more efficient process. ii. Improve the existing one stop shop within Newton to assist with larger projects and act as a liaison through the review process. iii. Improve and possibly streamline procedures for engaging the community around large projects that are being proposed. Engage developers early in community discussions to identify issues and have fewer delays. iv. Implement a customer service survey for applicants to identify areas for improvement. Implement recommended changes as appropriate.	City of Newton, EDC	High, Immediate and ongoing	Moderate Staff Time and Salary	Development review process time,
4.C.	Review all land use regulations and development policies	i. Complete the zoning redesign project and ensure regulations are predictable and align with stated goals of the community around economic development, livability, diversity, density, and inclusion. Create guidelines for when and where to increase height and square footage allowed in commercial areas to growth the commercial tax base and have vibrancy. Focus on core commercial areas and village centers, particularly those areas with multi-modal transportation options and existing infrastructure. ii. Focus zoning redesign on reducing the need for special use permits to make development more predictable and easier in places where it is appropriate. iii. Reduce or eliminate parking requirements for ground floor uses in village centers. iv. Provide the public and decision makers better information about the fiscal impact of land use decisions. Prepare an impact analysis guide that outlines the cost of different types of development on Newton including types of residential, commercial, retail, open space, etc. Use this as a tool to guide policy, decision making, and public education.	City of Newton	High, Immediate	Moderate Staff Time	Complete the re-zoning project
4.D.	Improve development review process to create more walkable developments in areas close to Newton's transit assets	i. Use zoning update process to clarify regulations for more walkable villages and commercial corridors and to consider parking requirements in context. ii. Require analysis of transportation options as part of development analysis to understand impacts. iii. Streamline design review process to make it predictable and efficient for applicants. iv. Create a transportation fund, where developers can pay for site context improvements or for specific elements to be implemented in the capital improvement program.	City of Newton	Medium, Short Term	Moderate Staff Time	Zoning update

Goal 5: Maintain and enhance the special qualities of Newton while improving transportation throughout Newton for residents, businesses, and visitors.

Rationale: Quality of place is an important factor for economic development and specifically business and talent attraction. The City of Newton offers residents and businesses a high quality of place. In order to maintain and enhance this quality of place, there are some improvements that can be made in village centers and throughout Newton.

	Objective	Actions	Lead and Partners	Priority and Timeframe	Resources	Measures for Progress and Success
5.A.	Promote multimodal transportation safety and comfort in villages and neighborhoods	i. Enhance sidewalks, crossings, and add bike parking to increase safety, attractiveness, and usability and to support a "park once" environment to reduce extra driving in village centers. ii. Expand placemaking and beautification measures at street level to promote walkabilty. iii. Implement slow traffic zones where needed. iv. Invest in transit and cycling networks and services to serve younger workforces that want alternatives to commuting by car. Specifically, focus on linking gaps between mass transit services and bike paths and employment centers.	City of Newton	High, Short Term and ongoing	Capital Investment	Number of improvements made
5.B.	Use shared parking to reduce parking footprint in village centers	i. Update zoning policy to enable shared parking exceptions. ii. Assist willing property owners in drawing up and implementing joint agreements that would allow for shared parking opportunities. iii. Establish and adopt a parking availability goal (could be village-wide or sub areas) iv. Regularly evaluate supply and demand of public and private parking use to evaluate needs and compliance with goal. v. Use supply and utilization data to examine the right amount of parking as part of future developments. vi. Use parking technology to encourage motorists to park in the most appropriate places.	City of Newton	High, Short Term and ongoing	Minimal Staff Time	Number of shared parking agreements
5.C.	Comprehensively evaluate private shuttle routes that operate to create a more inclusive and comprehensive community transit system	i. Partner with operators to develop a mutually-beneficial system between private and institutional shuttles while also filling needed gaps in service. ii. Partner with adjacent municipalities to create sub-regional service. iii. Promote and incentivize ridership.	City of Newton, Operators	Medium, Mid-Term	Minimal Staff Time	Number of partnerships established, Number of riders
5.D.	Focus on maintaining the character and unique feeling of the villages while supporting economic vibrancy	i. City of Newton representatives should continue to regularly visit businesses and attend neighborhood meetings to identify concerns and challenges to the business environment and how small businesses can be supported. Work with residents to identify any issues or concerns that impact their quality of life and their ability to interact at the neighborhood level. ii. Invest in public infrastructure, streetscape improvements, street furniture, parks, and green space to create opportunities for increased interactions among neighbors and walkability. iii. Work cooperatively with businesses and residents to create small scale community gathering places (playgrounds, street furniture, etc.) events and opportunities for place making and neighborhood scale networking.	City of Newton, Chamber of Commerce	Medium, Mid-Term	Staff Time	Number of commercial businesses in smaller village centers

5.E.	Enhance Newton's thriving arts community	i. Support the Newton Cultural Alliance and Newton Pride and engage the arts community in identifying and addressing what issues or challenges they are facing. ii. Develop a Newton Cultural Plan that outlines needs, opportunities, and specific strategies for implementation. iii. Review permitting process for art events and other events in the community. Make adjustments as appropriate to streamline requirements and make it more accessible. iv. Incorporate art into new projects such as space for artists to live or work, commissioning of pieces, and more community art experiences. v. Continue to provide matching funds to support Newton's participation in the Mass Cultural Council. vi. Work with the Chamber and the Economic Development Planner to continue to connect developers with the art community for engagement and strategizing.	Newton Cultural Alliance, Chamber of Commerce	Medium, Mid-Term	Minimal Staff Time and Financial Resources	Completion of a Newton Cultural Plan
5.F.	Create initiatives that highlight and promote the unique aspects and quality of life of Newton	i. Enhance the use, appreciation, and protection of the Charles River by attracting water enhanced and water based businesses. Implement recommendations identified in the N2 Innovation District Plan to develop trail connections along the Charles River to create a “river walk.” Repurpose the unused rail bridge across the river between Christina Street and the river walk for pedestrian access. Expand infrastructure for canoeing and kayaking in the Charles River, such as additional boat launches. Market these recreational opportunities to residents, employees, and visitors. Highlight access and view points to incorporate the Charles into the day-to-day life of Newton residents and workers. ii. Invest in the gateways at the main "entrances" to Newton including signs, planters, street art, and other techniques to engage those who are passing through and ensure that they know they are arriving in Newton, a special city. iii. Enhance the unique Newton feel of each village and commercial corridor with signage, benches, light fixtures, planters, art, etc. iv. Work cooperatively with business and residents to create small scale community gathering places (playgrounds, street furniture, etc.) events and opportunities for place making and neighborhood scale networking.	City of Newton, N2	Medium, Mid-Term	Staff Time and Moderate Investment for Gateways	Reuse of the unused rail bridge, Amount of investment in infrastructure for river use, Number of gateway improvements

Attachment 2: Economic Base Analysis

#408-18

Appendix: 2
Demographic & Economic Base Analysis

ECONOMIC DEVELOPMENT STRATEGY
CITY OF NEWTON, MASSACHUSETTS

April 2018

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About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in over twenty states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, Brattleboro, VT, and Richmond, VA. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

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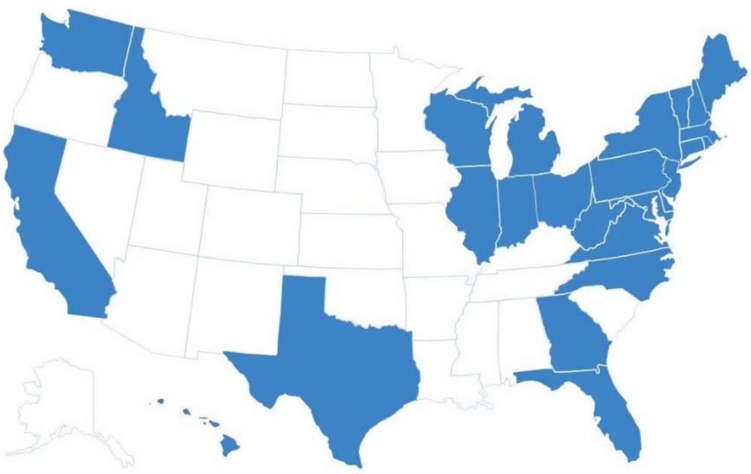

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Executive Summary

As part of the initial research to create an economic development strategy for the City of Newton, Camoin Associates gathered data to fully understand the demographic and economic existing conditions. This information will be used to inform the subsequent steps of the analysis including the existing economy report presentation, strategy development, and action plan matrix.

Demographic Analysis

- After decades of limited growth, the city's population has increased 7.5% in the last ten years. Census population estimates for 2016 place Newton's population at 89,045, its highest point since the 1970s. Much of this growth can be attributed to Gen Xers (those born between 1962 and 1981) moving into Newton and starting families. In recent years, these in-migrants have tended to be on the older end of this range, likely as a result of high housing costs preventing younger, less-established families from moving into the city.
- Newton has a high share of seniors (those 60 years and older) relative to the region and state. The proportion of residents in this age group has increased from 17.2% in 2006 to 24.5% in 2016, as existing residents continue to age. Meanwhile, the young adult age groups (20 to 39) shrank from 25.0% to 20.4%, and continue to be underrepresented in Newton compared to the region. This presents an opportunity to the expand housing stock geared towards both seniors and young adults, groups that tend to have similar housing preferences in terms of propensity to rent, amount of space required, desire for walkability, and lower housing budgets.
- Median household income in Newton is very high compared to the other geographic locations analyzed. In 2017, Newton median household income stands at just over $129,000, 63% higher than the Boston MSA median income. Because of this, Newtonians have disposable income to support niche markets and service providers not present in more moderate income communities.
- Newton residents have a very high level of education. Seventy-eight percent (78%) of Newton's 25-and-up population has at least a bachelor's degree. Half (50%) of Newton residents have a graduate or professional degree. This points to a high level of human capital that can be harnessed when growing and attracting high-skill industries in the city.
- Newton's foreign-born residents comprise 21% of the city's population. By contrast, only 16% of the Boston MSA population is foreign-born. This indicates that Newton is an attractive community for highly educated, high-income immigrants with skills and expertise that can be leveraged to grow the local economy.
- With about a third of residents commuting into Boston, the city is the top commute destination of Newton residents. About 85% of Newton residents commute out of Newton daily and 89% of employees at Newton establishments commute in from outside Newton. This high degree of cross-commuting indicates a mismatch between housing and job options and presents an opportunity to build housing to meet the needs of the city's workers, as well as attracting companies that can take advantage of the skills of existing residents and allow residents to work closer to home.

Economic Base Analysis

- Between 2006 and 2016, the number of establishments in the Boston MSA increased by 61.8%, compared to 63.6% nationally. Small firms are driving the largest proportion of growth in the MSA, growing by 104,000 and accounting for 70% of the overall increase in number of establishments. Small firms also contributed the largest growth in number of jobs over the ten-year period (2006-2016) adding 436,917 jobs and making up over half all job growth. This large increase reflects an atmosphere of entrepreneurship and self-employment within the region that can be built upon and supported with various economic development initiatives.
- Job growth in Newton is outpacing the MSA and the state. From 2007 to 2017 jobs increased by 14%, compared to 8% in Massachusetts and 9% the Boston MSA. In the next decade, jobs in Newton are expected to increase by 9%, based on regional and national historic trends in the industries present in Newton. Average earnings per job in Newton are about $71,000, lower than both the MSA ($84,000) and state ($78,000). Overall job growth indicates a prosperous economic climate, an ability to support a wide variety of jobs, and an opportunity to attract higher-wage employers to the city.
- The sectors growing the most (and providing the most jobs) in Newton are Health Care and Social Assistance; Educational Services; and Professional, Scientific and Technical Services. The sectors contracting are Wholesale Trade; Finance and Industry; and Retail Trade. Educational Services and Professional Services, in particular, tend to be higher-skills, higher-wage jobs, that are better aligned with the city's resident labor force.
- The community's most highly concentrated sectors include Educational Services; Arts, Entertainment and Recreation; and Real Estate and Rental Leasing. These sectors have a higher proportion of employment when compared to the nation. Educational Services accounts for 17.3% of the city's GRP, the highest of any sector.
- Nine percent of Newton jobs are held by self-employed workers. Arts, Entertainment and Recreation account for largest share of self-employed workers at 20.9%, followed by Professional, Scientific and Technical Services, representing 17.2% of all self-employed. The strong presence of self-employed workers in Newton points to potential initiatives to support entrepreneurship, help grow start-ups, and cultivate local businesses.

Fiscal Analysis

- As of 2018, residential properties account for 82.3% of the City of Newton's total tax levy, and 89.9% of total assessed value. Compared to its seven neighboring communities, Newton has the second lowest combined commercial and industrial property values as a share of total real property value. Lagging commercial development relative to residential indicates that the city's residents may bear an increasing share of the property tax burden into the future. The 2018 commercial tax rate in Newton is 20.62 per thousand of assessed value, compared to the residential tax rate of 10.82.

Introduction

As part of the initial research for the City of Newton Economic Development Strategy, Camoin Associates gathered and analyzed demographic and economic data to fully understand the existing conditions in Newton. This information will be used to inform the subsequent steps of the analysis including the existing economy report presentation, strategy development, and action plan matrix. The following report includes a socioeconomic characterization and an economic base analysis.

Data Sources

Much of the data in this report was acquired from Esri Business Analyst Online (ESRI) and Economic Modeling Specialists International (EMSI). ESRI uses the 2000 and 2010 Census as its base data. It uses proprietary statistical models and data from the US Census Bureau, the US Postal Service, and other sources to project current statistics and future trends. ESRI data are often used for economic development, marketing, site selection, and strategic decision making. For more information, visit www.esri.com.

EMSI uses data compiled from several sources, including the US Census Bureau and US Departments of Health and Labor. Using specialized proprietary processes and models, it provides estimates on current statistics and predicts future trends. Visit www.economicmodeling.com for additional information. The data used are from EMSI's Complete Employment data set, which includes both jobs covered and uncovered by unemployment insurance.[1] In other words, it includes both traditional employment and non-traditional employment such as the self-employed.[2] As traditional jobs have been replaced or augmented by freelance work, consulting, and self-employment, these non-covered jobs have become much more important to the economy, and EMSI provides researchers with a way to track the trends over time.

Other sources include the American Community Survey for demographic and socioeconomic data and YourEconomy.org for data on establishments by stage of growth.

Comparison Geographies

This data analysis was conducted to identify existing demographic, socioeconomic, and business, and industry conditions and trends that make up the Newton economy in comparison to the regional and state economies. Data was collected for the following geographies: The municipalities of Newton, the Boston metropolitan statistical area (MSA),[3] and the Commonwealth of Massachusetts. Where appropriate, we also compare against the United States.

Newton ZIP Codes

ZIP Code	Postal Area Name
02458	Newton
02459	Newton Centre
02460	Newtonville
02461	Newton Highlands
02462	Newton Lower Falls
02464	Newton Upper Falls
02465	West Newton
02466	Auburndale
02467	Chestnut Hill
02468	Waban

Table 1: Newton ZIP Codes

Most demographic and socioeconomic data analyzed for this report is available at the county subdivision level, i.e. tabulated for the municipality of Newton. The exception is the employment data gathered from EMSI, for which the smallest available geography is the ZIP code. For the purpose of presenting employment data for Newton, the municipal boundaries were approximated using 10 ZIP codes. These ZIP codes are listed in Table 1. As shown in Figure 2, the 10 ZIP codes used mostly align with municipal boundaries, with the exception of 02467 Chestnut Hill, which encompasses a large part of the Town of Brookline, as well as a small piece of the City of Boston. It is important to note that jobs located in these other municipalities are included in the EMSI employment data.

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[1] Jobs covered by unemployment insurance are tracked by the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW). EMSI uses Bureau of Economic Analysis (BEA) data as its primary benchmark. In addition to jobs covered by QCEW, BEA data attempt to count all types of paid employment.
[2] Self-employed includes sole proprietorships and partnerships.
[3] As defined by the U.S. Office of Management and Budget, the Boston MSA (officially, the Boston–Cambridge–Newton MSA) is comprised of seven counties in Massachusetts and New Hampshire that have a high degree of social and economic cohesion with the Boston urban core. These counties include Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in Massachusetts; and Rockingham and Strafford counties in New Hampshire.

Comparison Geographies

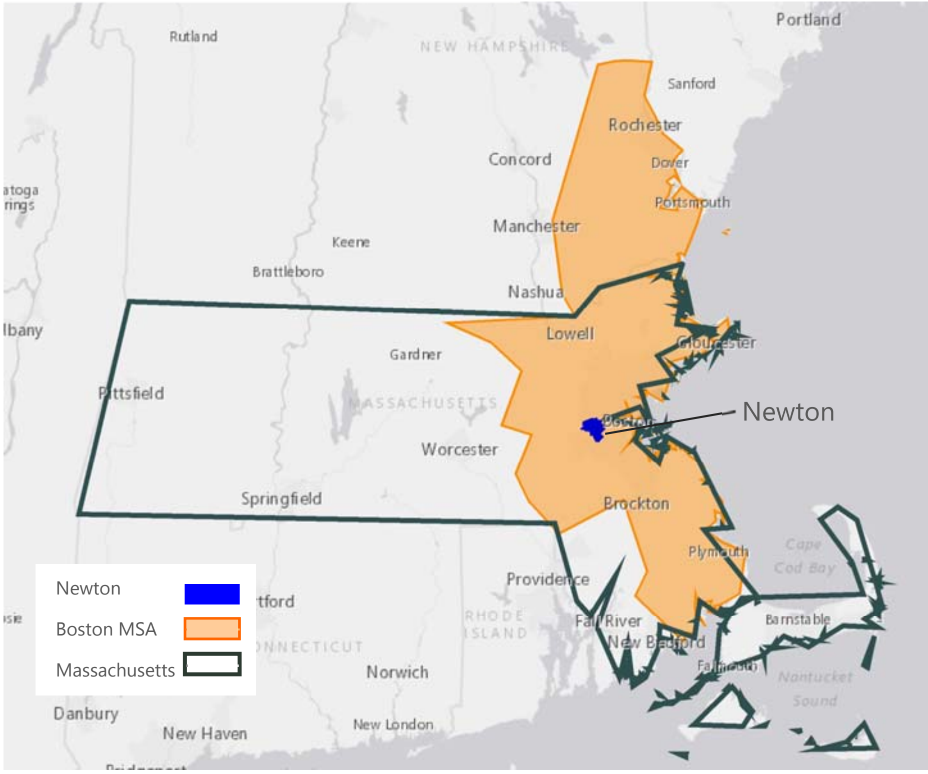


Figure 1: Comparison Geographies

Employment Data by ZIP Code Geography

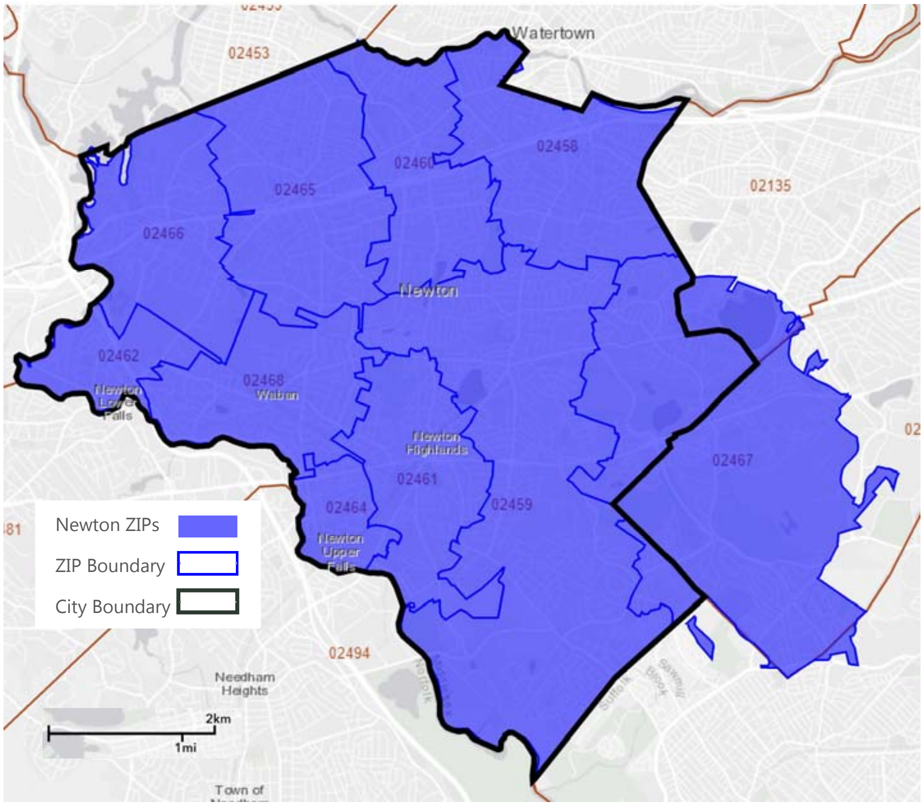


Figure 2: Employment Data ZIP Code Geography

Demographic Analysis

In order to identify challenges and opportunities for future economic development initiatives, it is important to understand the current socioeconomic conditions in Newton. The following section highlights some important demographic and socioeconomic characteristics.

Population Change

The resident population of Newton has seen declines in the past, but is regaining momentum and is projected to grow. Newton reached its all-time peak population of over 92,000 in 1960, from which it declined by almost 10% through 1980. From 1980 through the mid-2000s, the population remained flat, hovering around 83,000. After decades of almost no growth, the city's population has increased 7.5% in the last ten years (between 2006 and 2016). Census population estimates for 2016 place Newton's population at 89,045, its highest point since the 1970s. The population is projected to continue to increase over the next ten years.[4]

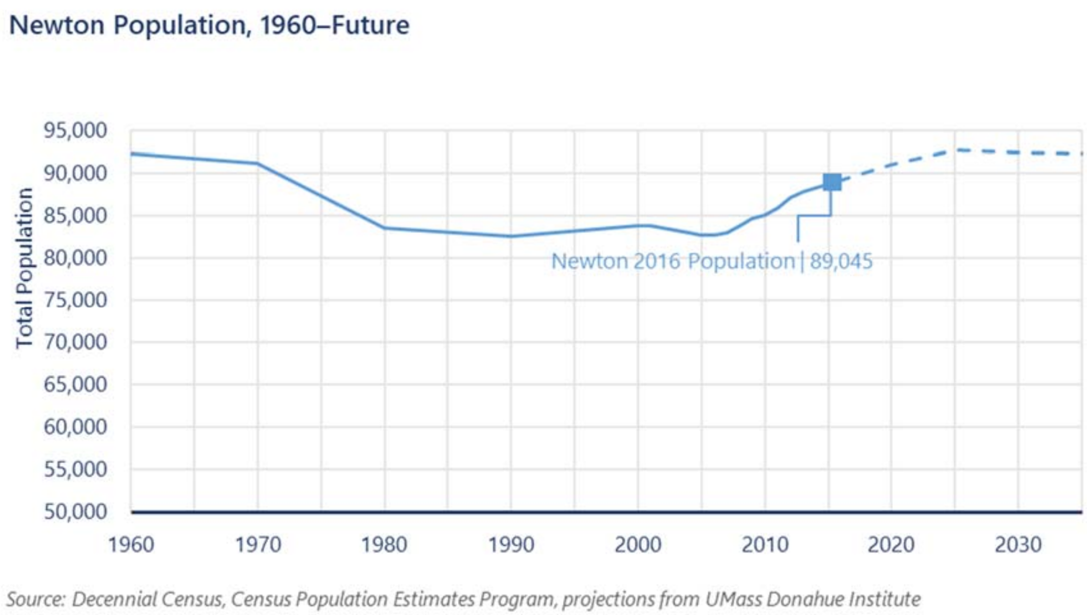


Figure 3: Newton Population, 1960-Future

Since 2006, the rate of growth in Newton is similarly paced with national growth rates and that of the Boston MSA and Massachusetts.

Comparison of Population Growth

	2006	2011	2016	Pct. Change 2006–2011	Pct. Change 2011–2016
Newton	82,810	85,897	89,045	3.7%	3.7%
Boston MSA	4,455,217	4,608,410	4,794,447	3.4%	4.0%
Massachusetts	6,437,193	6,587,536	6,859,819	2.3%	4.1%
United States	299,398,485	311,591,919	325,719,178	4.1%	4.5%

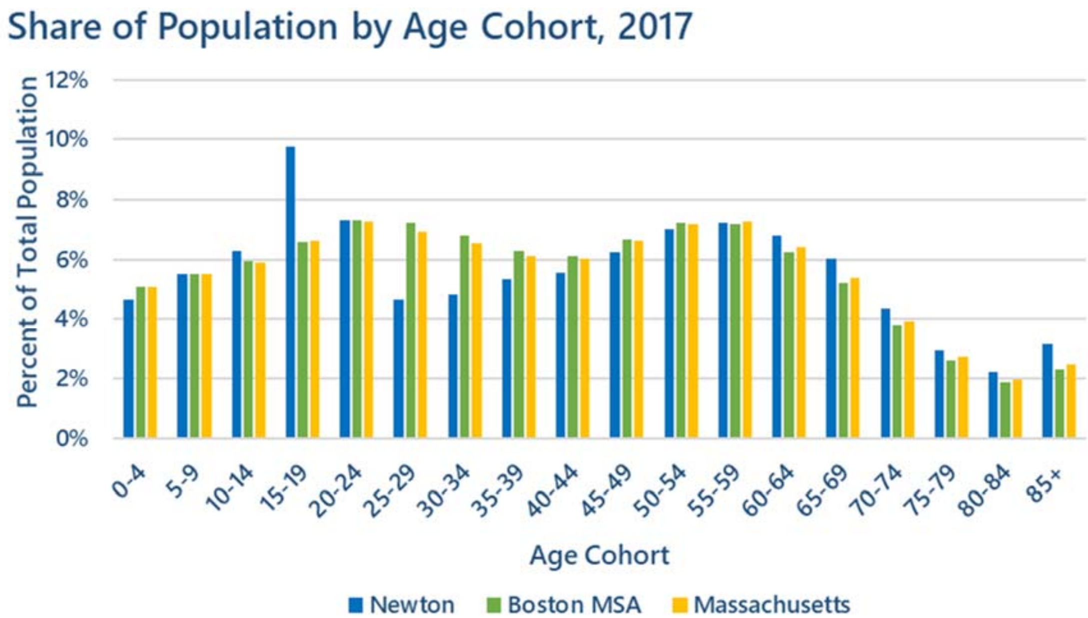
Source: Decennial Census, Census Population Estimates Program

Table 2: Comparison of Population Growth

[4] UMass Donahue Institute

Age

When examining age distribution (Figure 4) Newton has a significant lack of young adults (25 to 40-year-olds) relative to the MSA and state overall. This age distribution is in part a function of the housing market, which is skewed toward single-family homes and has limited affordable options for young adults. Newton also has a slightly higher share of seniors age 60 and over as compared to the other geographies. Despite this difference in age distribution, the median age of Newtonians is similar to the MSA, state, and nation (see Table 3).



Source: Esri

Figure 4: Share of Population by Age Cohort, 2017

2017 Median Age

	Newton	Boston MSA	Massachusetts	United States
2017 Median Age	41.4	39.4	**40.0**	38.2

Source: Esri

Table 3: 2017 Median Age

The 15-to-19-year-old cohort stands out in Figure 4, with this age group accounting for a significantly higher share of the population relative to the state and MSA. This is due to the high number of younger undergraduates (18- and 19-year-olds) living on campus at colleges within Newton. Boston College (BC), Lasell College, and Mount Ida College have a total of approximately 12,500 undergraduate students enrolled, and of those, 10,000 live on campus. While Lasell and Mount Ida are completely within Newton's city limits, a portion of Boston College's Chestnut Hill campus is located within Boston. Many of BC's upperclassmen (juniors and seniors) are housed in the Boston portion of the campus, and thus, are not counted in Newton's population. Freshman and sophomores, however, tend to live in BC dormitories located within Newton.

The three colleges collectively account for approximately 6,300 on-campus undergraduate residents, or about 7% of the city's total population. Of those, an estimated 3,900 are college freshmen and sophomores, who make up about 45% of residents in Newton's 15-to-19 cohort, with high school students accounting for much of the remainder. College students (primarily juniors and seniors) make up about 38% of the city's 20-to-24 cohort.

2017 Undergraduate Population

	Undergraduate Population	Pct. On Campus	Number On Campus	On Campus in Newton
Boston College	9,309	84%	7,820	4,119
Lasell College	1,788	75%	1,341	1,341
Mount Ida College	1,357	62%	841	841
Total	12,454		10,002	6,301

Source: Boston College, Lasell College, Mount Ida College websites

Table 4: Undergraduate Population

Table 5 compares Newton's population by age between 2006 and 2016. The senior age group has shown significant growth over this period, with the number of residents over 60 jumping from 17.2% in 2006 to 24.5% in 2016. Meanwhile, the young adult age groups (20 to 39) shrank from 25.0% to 20.4%. While the 25-to-29 age group continues to represent a small share of the overall population relative to the state and MSA, it is the only young adult group to expand over this period.

Newton Population by Age, 2006-2016

Age Group	2006 Pop'n	2011 Pop'n	2016 Pop'n	2006, % of Total	2011, % of Total	2016, % of Total	Change, '06-'16	% Change, '06-'16
Under 5 years	4,803	4,896	4,808	5.8%	5.7%	5.4%	5	0.1%
5 to 9 years	5,548	4,295	5,521	6.7%	5.0%	6.2%	(27)	(0.5%)
10 to 14 years	4,969	4,810	6,589	6.0%	5.6%	7.4%	1,621	32.6%
15 to 19 years	8,364	7,387	8,637	10.1%	8.6%	9.7%	274	3.3%
20 to 24 years	7,950	7,129	6,322	9.6%	8.3%	7.1%	(1,628)	(20.5%)
25 to 29 years	2,401	2,920	3,651	2.9%	3.4%	4.1%	1,249	52.0%
30 to 34 years	3,726	4,810	3,295	4.5%	5.6%	3.7%	(432)	(11.6%)
35 to 39 years	6,625	6,185	4,897	8.0%	7.2%	5.5%	(1,727)	(26.1%)
40 to 44 years	6,459	4,896	6,500	7.8%	5.7%	7.3%	41	0.6%
45 to 49 years	7,039	4,467	6,233	8.5%	5.2%	7.0%	(806)	(11.4%)
50 to 54 years	5,217	7,129	5,966	6.3%	8.3%	6.7%	749	14.4%
55 to 59 years	5,548	7,129	4,719	6.7%	8.3%	5.3%	(829)	(14.9%)
60 to 64 years	3,809	5,154	5,699	4.6%	6.0%	6.4%	1,890	49.6%
65 to 69 years	2,319	4,037	5,788	2.8%	4.7%	6.5%	3,469	149.6%
70 to 74 years	2,070	2,835	2,849	2.5%	3.3%	3.2%	779	37.6%
75 to 79 years	1,905	2,147	1,959	2.3%	2.5%	2.2%	54	2.9%
80 to 84 years	2,236	2,663	1,781	2.7%	3.1%	2.0%	(455)	(20.3%)
85 years and over	1,905	3,092	3,740	2.3%	3.6%	4.2%	1,835	96.4%
Total	82,810	85,897	89,045	100.0%	100.0%	100.0%	6,235	7.5%

Source: Census Population Estimates; ACS 1-Yr Estimates

Table 5: Newton Population Change by Age Cohort, 2006-2016

A look at population change by cohort birth year provides further insight into the groups that have driven Newton's recent population growth. Table 6 tracks the change in each age cohort over time in order to identify the groups that are moving into and out of Newton. The on-campus undergraduate population is removed from these figures since these students typically live in Newton only for a set amount of time and do not form households in the city.

Newton Population Change by Age Cohort, 2006-2016, Excluding On-Campus Undergraduates

Cohort Birth Year	Cohort Age in 2016	2006 Cohort Size	2011 Cohort Size	2016 Cohort Size	Cohort Change 2006-2011	Cohort Change 2011-2016	Cohort Change 2006-2016
2012-2016	Under 5 years	--	--	4,808	--	4,808	4,808
2007-2011	5 to 9 years	--	4,896	5,521	4,896	625	5,521
2002-2006	10 to 14 years	4,803	4,295	6,589	(508)	2,294	1,786
1997-2001	15 to 19 years	5,548	4,810	***4,766***	(738)	(44)	(782)
1992-1996	20 to 24 years	4,969	***3,516***	***3,892***	(1,453)	376	(1,077)
1987-1991	25 to 29 years	***4,493***	***4,699***	3,651	207	(1,048)	(842)
1982-1986	30 to 34 years	***5,520***	2,920	3,295	(2,599)	374	(2,225)
1977-1981	35 to 39 years	2,401	4,810	4,897	2,409	87	2,496
1972-1976	40 to 44 years	3,726	6,185	6,500	2,458	316	2,774
1967-1971	45 to 49 years	6,625	4,896	6,233	(1,729)	1,337	(392)
1962-1966	50 to 54 years	6,459	4,467	5,966	(1,993)	1,499	(493)
1957-1961	55 to 59 years	7,039	7,129	4,719	91	(2,410)	(2,319)
1952-1956	60 to 64 years	5,217	7,129	5,699	1,912	(1,431)	482
1947-1951	65 to 69 years	5,548	5,154	5,788	(394)	634	240
1942-1946	70 to 74 years	3,809	4,037	2,849	228	(1,188)	(960)
1937-1941	75 to 79 years	2,319	2,835	1,959	516	(876)	(360)
1932-1936	80 to 84 years	2,070	2,147	1,781	77	(367)	(289)
1931 or earlier	85 years and over	6,045	5,755	3,740	(290)	(2,015)	(2,305)
Total (Excl. On-Campus Undegrads)		76,591	79,682	82,655	3,090	2,973	6,063

Note: Numbers in ***bold italics*** adjusted to remove on-campus undergraduates.

Source: Census Population Estimates; ACS 1-Yr Estimates

Table 6: Newton Population Change by Age Cohort, 2006-2016

Positive change in the size of an age cohort between 2006 and 2016 indicates that growth is attributable to factors beyond the simple aging of the population: net in-migration and net births. Similarly, negative change indicates net out-migration and net deaths.

Cohorts experiencing net gains in population over this period include those born between 1972 and 1981, "young Gen Xers," who were between 35 and 44 in 2016. Over 5,000 individuals in this cohort moved to Newton between 2006 and 2016 on net, with most of this in-migration occurring over the first half of this period. The growth of this generational cohort is mirrored by an increase in young children (those born between 2007 and 2016).

Since 2011, the in-migration of the younger Gen X cohort has slowed, while the in-migration of the older Gen X cohort (those born between 1962 and 1971) has reversed its decline. Meanwhile, the number of children under the age of 10 in Newton has remained steady. These trends suggest that more recently couples are moving into Newton when they are older – likely due to high housing prices – and also having children later. Gen Xers and their children have thus been the primary drivers of population growth in the city over the last decade.

The city has experienced a net out-migration of over 4,000 Millennials (those born between 1982 and 1996) between 2006 and 2016. While this could be an indication of a natural progression of Newton-based students leaving home to pursue college or career opportunities, it could also reflect a lack of opportunity for this age cohort, especially for those not on the college track. High housing costs coupled with lower wages without a degree (or early in one's career) is likely a major reason why so many Millennials are moving out of Newton.

Perhaps more surprisingly, another age cohort showing net out-migration over this period are those who were between 55 and 59 in 2016. This may reflect a desire among empty nesters to downsize from their single-family homes once children are out of the house. Empty nesters can capitalize on high home values, opening up housing options for young families, while simultaneously finding less expensive housing outside of the city. Net declines among the oldest generations (70 years and up) are, of course, primarily due to mortality.

Unemployment Rates

The 2017 unemployment rate in Newton is lower than that of the other comparison geographies at 3.6%.

2017 Unemployment Rates

	Newton	Boston MSA	Massachusetts	United States
2017 Unemployment Rate	3.6%	5.0%	5.0%	5.5%

Source: Esri

Table 7: 2017 Unemployment Rates

Income

Median household income in Newton is very high compared to the other geographic locations analyzed. In 2017, Newton median household income stands at just over $129,000, 63% higher than the Boston MSA median income and significantly higher than the US.

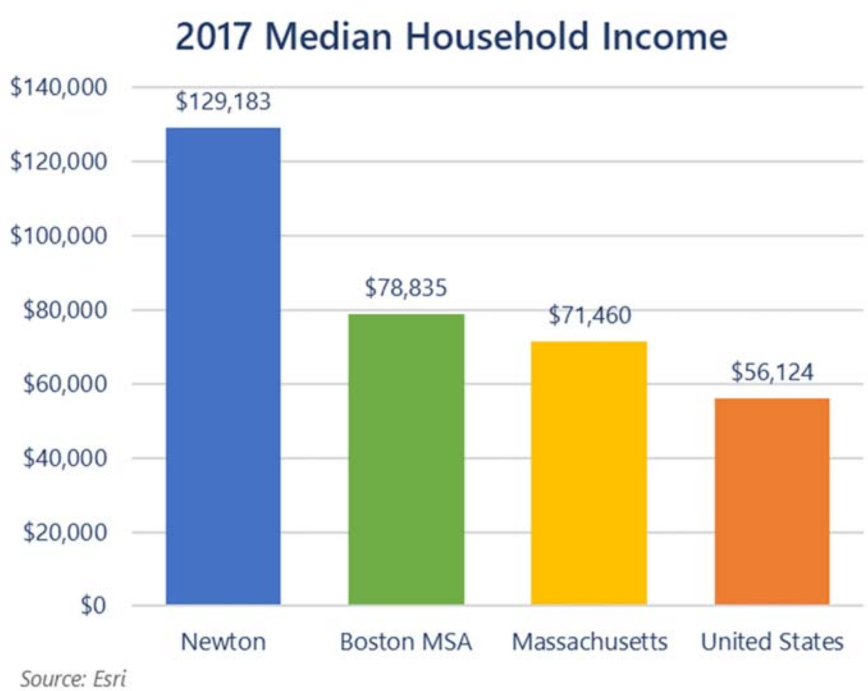


Figure 5: 2017 Median Household Income

Household Income Distribution, 2017

Income Range	Newton	Newton Pct.	Boston MSA Pct.	Massachusetts Pct.
< $15,000	1,776	6%	10%	11%
$15,000-$24,999	1,225	4%	7%	8%
$25,000-$34,999	1,236	4%	7%	8%
$35,000-$49,999	1,596	5%	9%	10%
$50,000-$74,999	3,414	11%	15%	16%
$75,000-$99,999	3,263	10%	12%	12%
$100,000-$149,999	5,418	17%	18%	17%
$150,000-$199,999	3,892	12%	10%	9%
$200,000+	10,441	32%	13%	11%
Total	**32,261**	**100%**	**100%**	**100%**

Source: Esri

Table 8: Household Income Distribution, 2017

Household incomes in Newton are skewed toward the highest income bracket, with 32% of households earning at least $200,000 annually. As Table 9 indicates, this is over 10,000 households. This compares to just 13% of households in the Boston MSA and 11% in Massachusetts. This trend was also found in the 2016 Housing Needs Analysis, which found that between 2000 and 2013 Newton gained 4,200 households earning $200,000 or more, while at the same time losing 4,700 households earning $125,000 or less.[5] Low, moderate, and middle-income residents being replaced by high-income residents. This declining economic diversity can result in an increasing difficulty to fill low and middle-skill jobs.

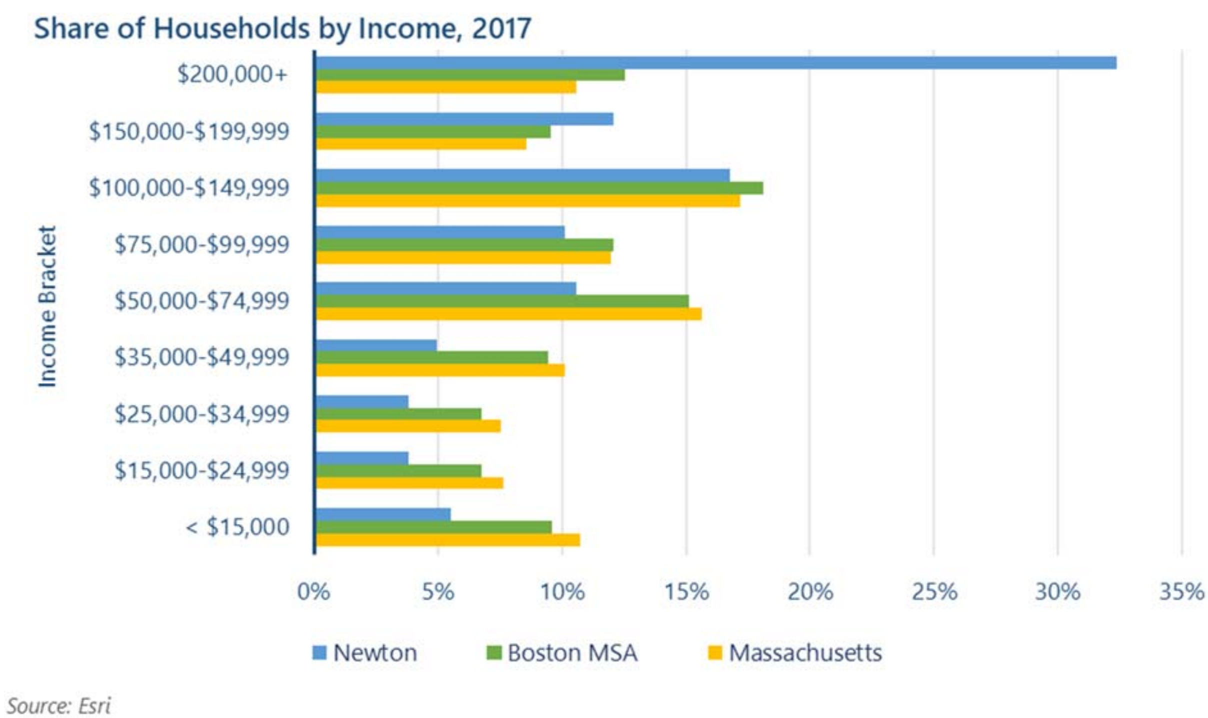
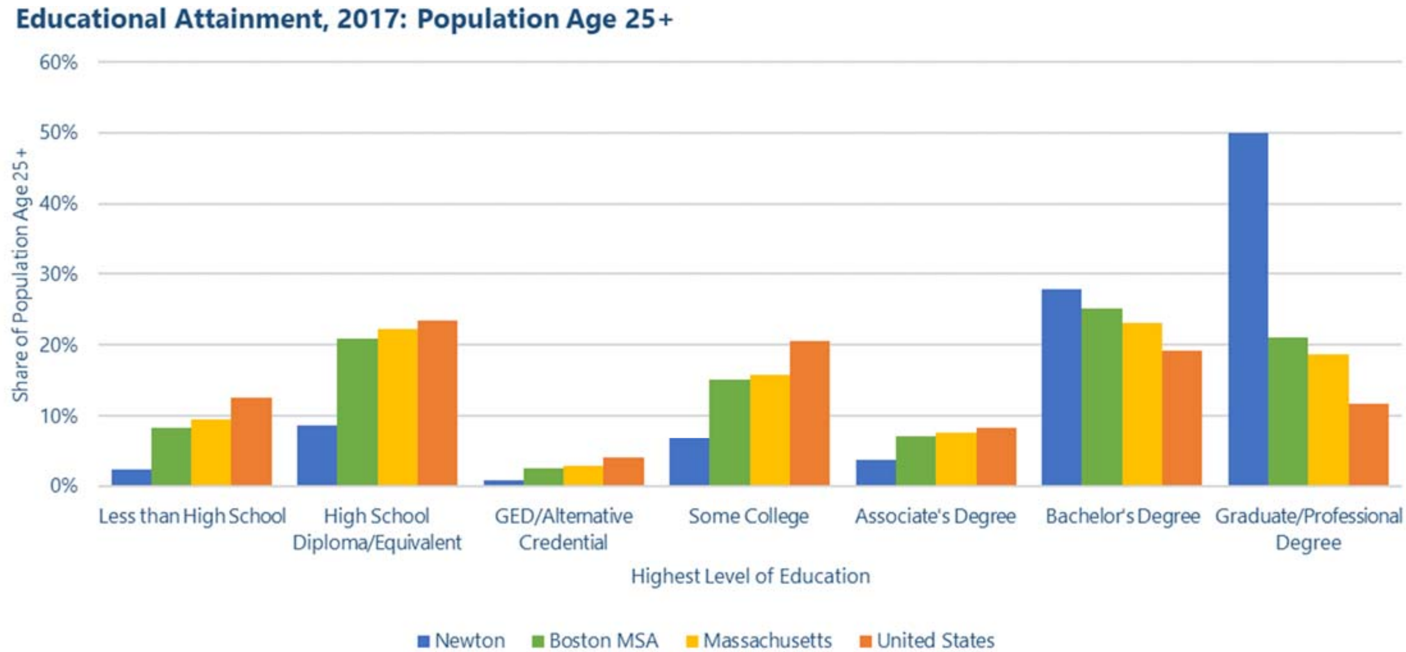


Figure 6: Share of Households by Income, 2017

[5] Housing Needs Analysis and Strategic Recommendations, June 2016, Housing Strategy Report, pg. 36 http://www.newtonma.gov/civicax/filebank/documents/76450

Educational Attainment

Newton residents have a very high level of education. Seventy-eight percent (78%) of Newton's 25-and-up population has at least a bachelor's degree. This compares to 46% in the Boston MSA and 42% in Massachusetts. Half (50%) of Newton residents have a graduate or professional degree.



Source: Esri

Figure 7: Educational Attainment, 2015: Population Age 25+

Race/Ethnicity

Non-white residents comprise about 22% of Newton's population compared to 21% and 20%, respectively, in the Boston MSA and Massachusetts. Newton has a significant Asian population, with 16% of residents self-identifying their race as Asian, compared to 9% in the MSA, and 8% in the state overall. Newton has disproportionately small black and Hispanic populations. Note that people who identify their origin as Hispanic can be of any race.

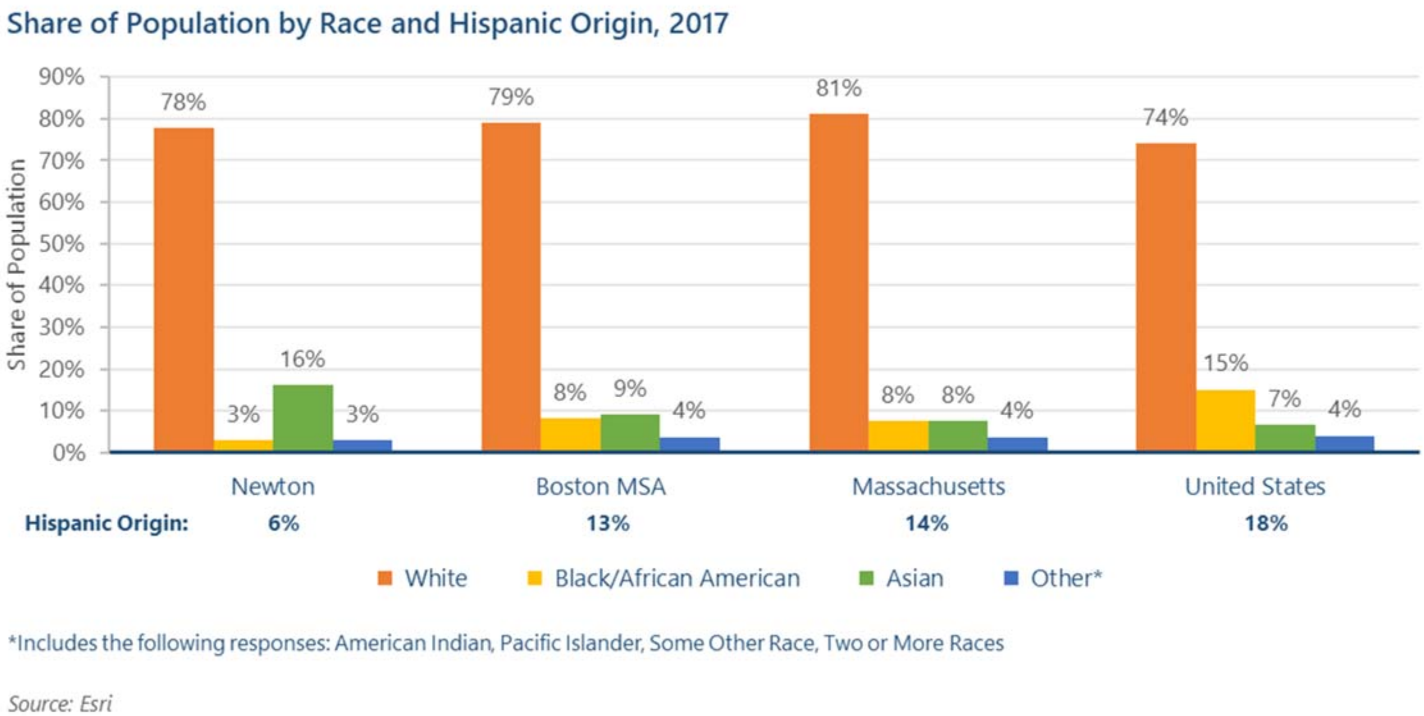


Figure 8: Share of Population by Race and Hispanic Origin, 2017

Nativity

Newton's foreign-born residents comprise 21% of the city's population. By contrast, only 16% of the Boston MSA population is foreign-born. At a national level, just 13% of the population is foreign born.

Nativity of Population

	Native-Born		Foreign-Born		Total
	Population	Pct. of Total	Population	Pct. of Total	
Newton	69,433	79%	18,884	21%	88,317
Boston MSA	3,487,416	81%	815,150	19%	4,302,566
Massachusetts	5,680,682	84%	1,061,461	16%	6,742,143
United States	276,363,808	87%	42,194,354	13%	318,558,162

Source: 2016 ACS 5-Year Estimates

Table 10: Nativity of Population

Foreign-born residents of Newton hail from around the globe (Table 11). Residents born in China account for 22% of the foreign-born population, the most of any country. Russia follows with 6.9% of all foreign-born residents. India, Korea, and Ukraine round out the top five.

Top 10 Countries of Origin of the Foreign-Born Newton Population

Place of Birth	Foreign-Born Population	Pct. of All Foreign-Born
China	4,150	22.0%
Russia	1,299	6.9%
India	1,201	6.4%
Korea	1,131	6.0%
Ukraine	728	3.9%
United Kingdom	714	3.8%
Canada	585	3.1%
Iran	503	2.7%
Israel	458	2.4%
Italy	429	2.3%
Total (Top 10)	11,198	59.3%
Total (All Foreign-Born)	18,884	100.0%

Source: 2016 ACS 5-Year Estimates

Table 11: Top 10 Countries of Origin of the Foreign-Born Newton Population

Commute Patterns

Table 12 and Table 13 show the top 10 places of work for Newton residents, and the top 10 places of residence for Newton workers. Boston is the most common commute destination for Newton residents, with 34% of residents traveling to Boston for work. Just 15% of Newton residents also work in Newton. Together, Boston and Newton account for about half of residents' commute destinations, and the top 10 places of work account for 72% of all work destinations, indicating that jobs held by Newton residents are heavily concentrated in a small number of cities and towns.

Eleven percent (11%) of people who work in Newton also live in the city; 18% are residents of Boston. This points to a substantial number of workers who are "reverse commuting" from the regional core (Boston) out to suburban Newton. Collectively, the top 10 places of residence for Newton workers account for 47% of all workers, indicating that the commute shed for in-commuters is geographically more dispersed than that of out-commuters. This pattern can be seen in Figure 9 and Figure 10.

Commute patterns are also discussed in the City of Newton's 2017 transportation strategy, *Newton Leads 2040: A Transportation Strategy for Newton*. In 2010, 73% of Newtonians drove to work, 13% used public transit, 9% worked at home, 4% walked, 1% bicycled, and 1% used another means.[6]

Top 10 Places of Work for Newton Residents

Place of Work	Number of Residents	Percent of Residents
Boston, MA	13,751	34%
Newton, MA	5,948	15%
Cambridge, MA	3,065	7%
Waltham, MA	2,055	5%
Brookline, MA	1,019	2%
Framingham, MA	821	2%
Needham, MA	758	2%
Watertown, MA	730	2%
Burlington, MA	719	2%
Wellesley, MA	637	2%
Total (Top 10)	**29,503**	**72%**
Total (All Places of Work)	**40,972**	**100%**

Source: US Census 2015 OnTheMap

Table 12: Top 10 Places of Work for Newton Residents

Top 10 Places of Residence for Newton Workers

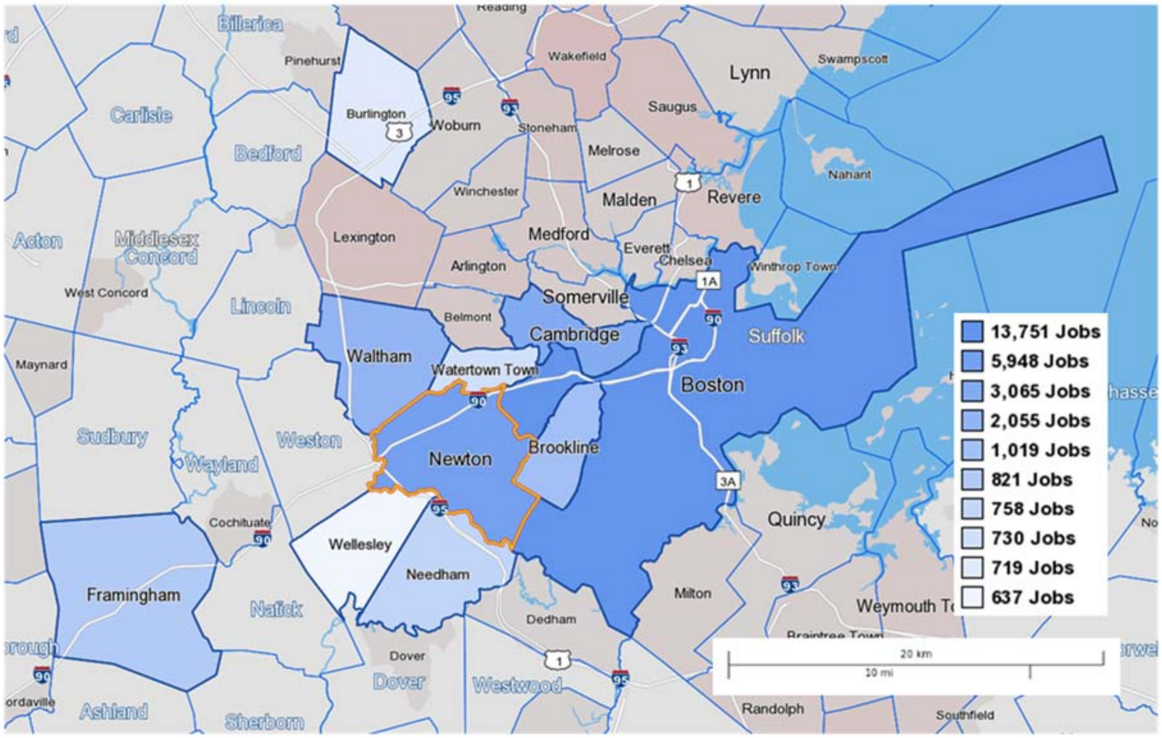
Place of Residence	Number of Workers	Percent of Workers
Boston, MA	10,454	18%
Newton, MA	5,948	11%
Waltham, MA	2,072	4%
Framingham, MA	1,410	3%
Brookline, MA	1,302	2%
Needham, MA	1,177	2%
Watertown, MA	1,122	2%
Somerville, MA	1,079	2%
Cambridge, MA	1,019	2%
Quincy, MA	844	2%
Total (Top 10)	**26,427**	**47%**
Total (All Places of Residence)	**56,718**	**100%**

Source: US Census 2015 OnTheMap

Table 13: Top 10 Places of Residence for Newton Workers

[6]Newton Leads 2040: A Transpiration Strategy for Newton, page 3-21, 3-22 http://www.newtonma.gov/civicax/filebank/documents/82026

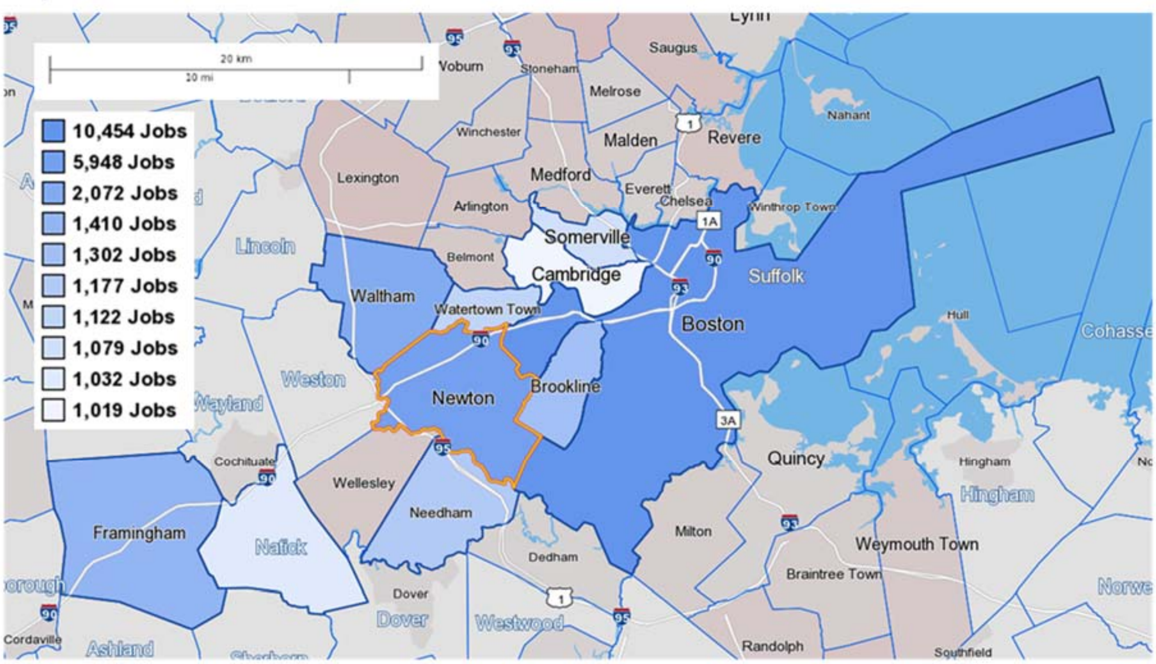
Top Places of Work for Newton Residents



Source: US Census 2015 OnTheMap

Figure 9: Top Places of Work for Newton Residents

Top Places of Residence for Newton Workers



Source: US Census 2015 OnTheMap

Figure 10: Top Places of Residence for Newton Workers

Economic Base Analysis

Establishment and Job Growth by Stage

Between 2006 and 2016, the number of establishments in the Boston MSA increased by 61.8%, compared to 63.6% nationally. Stage 1 firms—firms with between 2 and 9 employees—constituted the largest proportion of growth in the MSA, growing by 104,000 and accounting for 70% of the overall increase in number of establishments. This trend was mirrored at the national level. Establishments in this stage represented 71% of all establishments in 2016, up from 66% ten years prior. Stage 4 firms—those with 500 or more employees—were the only group to lose establishments over this period, declining by 3%.

Establishments by Stage, Boston MSA

Establishment Stage (No. of Employees)	2006	2016	2016 Pct. of Total	2006-2016 Change	2006-2016 Pct. Change
Self-Employed (1)	29,385	46,261	12.1%	16,876	57.4%
Stage 1 (2-9)	161,273	265,799	69.6%	104,526	64.8%
Stage 2 (10-99)	41,013	64,994	17.0%	23,981	58.5%
Stage 3 (100-499)	3,780	4,202	1.1%	422	11.2%
Stage 4 (500+)	431	418	0.1%	(13)	-3.0%
Total	**235,882**	**381,674**	**100%**	145,792	**61.8%**

Source: YourEconomy.org

Table 14: Establishments by Stage, Boston MSA

Establishments by Stage, United States

Establishment Stage (No. of Employees)	2006	2016	2016 Pct. of Total	2006–16 Change	2006–16 Pct. Change
Self-Employed (1)	1,916,894	2,702,232	12.2%	785,338	41.0%
Stage 1 (2-9)	9,014,471	15,762,857	71.2%	6,748,386	74.9%
Stage 2 (10-99)	2,382,902	3,430,521	15.5%	1,047,619	44.0%
Stage 3 (100-499)	191,684	211,234	1.0%	19,550	10.2%
Stage 4 (500+)	21,514	21,622	0.1%	108	0.5%
Total	**13,527,465**	**22,128,466**	**100%**	**8,601,001**	**63.6%**

Source: YourEconomy.org

Table 15: Establishments by Stage, United States

Stage 1 firms (2-9 employees) contributed the largest growth in number of jobs over the ten-year period, adding 436,917 jobs and making up over half all job growth. Stage 2 firms (10 to 99 employees) contributed the majority of the other half of job growth, creating over 425,000 jobs. Stage 4 firms were the only group to shed jobs over the period, pointing to a regional shift in which job growth is occurring mostly at small and medium sized firms. These trends were similar nationally, with Stage 1 firms accounting for 75% of all job growth, and Stage 4 firms being the only category to lose jobs.

Jobs by Stage of Establishment, Boston MSA

Establishment Stage (No. of Employees)	2006	2016	2016 Pct. of Total	2006-2016 Change	2006-2016 Pct. Change
Self-Employed (1)	29,385	46,261	1.3%	16,876	57.4%
Stage 1 (2-9)	605,693	1,042,610	28.4%	436,917	72.1%
Stage 2 (10-99)	998,471	1,424,232	38.8%	425,761	42.6%
Stage 3 (100-499)	649,901	695,685	19.0%	45,784	7.0%
Stage 4 (500+)	537,288	457,701	12.5%	(79,587)	-14.8%
Total	**2,820,738**	**3,666,489**	**100%**	**845,751**	**30.0%**

Source: YourEconomy.org

Table 16: Jobs by Stage of Establishment, Boston MSA

Jobs by Stage of Establishment, United States

Establishment Stage (No. of Employees)	2006	2016	2016 Pct. of Total	2006–16 Change	2006–16 Pct. Change
Self-Employed (1)	1,916,894	2,702,232	1.3%	785,338	41.0%
Stage 1 (2-9)	34,421,332	60,258,782	29.7%	25,837,450	75.1%
Stage 2 (10-99)	57,894,480	78,172,269	38.6%	20,277,789	35.0%
Stage 3 (100-499)	33,103,027	35,708,531	17.6%	2,605,504	7.9%
Stage 4 (500+)	26,931,302	25,910,350	12.8%	(1,020,952)	-3.8%
Total	**154,267,035**	**202,752,164**	**100%**	**48,485,129**	**31.4%**

Source: YourEconomy.org

Table 17: Jobs by Stage of Establishment, United States

Employment by Sector (2-digit NAICS)

Newton is home to approximately 4,700 establishments employing in total approximately 79,500 jobs, having added about 10,000 jobs over the last ten years, an increase of 14%. There is an anticipated increase of 7,300 jobs (9%) in the next ten years. The section below outlines what to expect in terms of growing and shrinking sectors.

Education Services are a major sector in Newton. The Educational Services sector (NAICS 61), as categorized by EMSI, includes schools, colleges, universities and training centers, which are privately owned. All public schools are included in the Government sector (NAICS 90).

Current Employment by Sector

Table 18 shows the distribution of employment by 2-digit employment sectors. The top five sectors for 2017 include:

- Educational Services (private) (21,350 jobs or 27% of all jobs)
- Healthcare and Social Assistance (13,062 jobs 16% of all jobs)
- Professional, Scientific and Technical Services (7,008 jobs or 9% of all jobs)
- Retail Trade (5,347 jobs or 7% of all jobs)
- Government (4,997 jobs or 6% of all jobs)

Past Growth

Between 2007 and 2017 Health Care and Social Assistance sector employment outpaced that of any other sector in number of jobs, adding 3,694 for an increase of 39%. Educational Services grew by 2,460 jobs or 13%, and Professional, Scientific, and Technical Services also showed significant growth, expanding by 1,143 jobs, or 19%. Transportation and Warehousing increased by 69% and added 244 jobs. Other notable growth sectors included Other Services[7] (increasing by 591 jobs or 19%); Accommodation and Food Services (increasing by 591 jobs with 19% growth); and Art and Entertainment (increasing by 520 jobs).

Wholesale Trade experienced the biggest contraction in the past ten years, shedding almost 1,000 jobs, or 43% of its workforce. Finance and Insurance lost 225 jobs (-9%) and Retail Trade contracted by 188 positions. Manufacturing contracted by 62 jobs or 12%.

Projected Growth

Healthcare and Social Assistance is the industry with the most notable anticipated growth, growing by 22% and adding just under 3.000 jobs to the Newton economy. Education Services will add about 2,000 jobs growing by 9%. Professional, Scientific, and Technical Services will increase by 10% with 731 added jobs, and Other Services will expand by 15% adding 568 new jobs. Real Estate and Rental Leasing and Arts, Entertainment, and Recreation are the other largest growing sectors.

Earnings

Average earnings per job (including wages and supplements) in Newton was about $72,000 in 2017 (Table 18). Sectors with the highest average earnings included Management of Companies and Enterprises ($186,000), Information ($149,000), and Wholesale Trade ($140,000). Arts, Entertainment, and Recreation and Accommodation and Food Services were at the low end of the earnings spectrum, both earning about $28,000 annually.

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[7] The Other Services (except Public Administration) sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Employment by Sector, 2-digit NAICS – Newton

NAICS	Description	2007 Jobs	2017 Jobs	2027 Jobs	2007-2017 Change	2007 - 2017 % Change	2017-2027 Change	2017-2027 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	40	68	82	28	70%	14	21%	$ 80,911
21	Mining, Quarrying, and Oil and Gas Extraction	<10	<10	<10	Insf. Data	Insf. Data	Insf. Data	Insf. Data	Insf. Data
22	Utilities	-	-	-	-	0%	0	0.0%	$ -
23	Construction	1,381	1,536	1,795	155	11%	259	17%	$ 83,812
31	Manufacturing	519	457	420	(62)	(12%)	(37)	(8%)	$ 77,175
42	Wholesale Trade	2,305	1,316	930	(989)	(43%)	(386)	(29%)	$ 140,139
44	Retail Trade	5,535	5,347	5,159	(188)	(3%)	(188)	(4%)	$ 36,884
48	Transportation and Warehousing	356	600	755	244	69%	155	26%	$ 39,380
51	Information	1,848	2,335	2,382	487	26%	47	2%	$ 149,417
52	Finance and Insurance	2,612	2,387	2,313	(225)	(9%)	(74)	(3%)	$ 135,068
53	Real Estate and Rental and Leasing	2,350	2,821	3,148	471	20%	327	12%	$ 74,320
54	Professional, Scientific, and Technical Services	5,865	7,008	7,739	1,143	19%	731	10%	$ 121,796
55	Management of Companies and Enterprises	588	740	774	152	26%	34	5%	$ 185,928
56	Administrative and Support	4,063	4,535	4,685	472	12%	150	3%	$ 49,428
61	Educational Services	18,890	21,350	23,345	2,460	13%	1,995	9%	$ 68,897
62	Health Care and Social Assistance	9,368	13,062	15,974	3,694	39%	2,912	22%	$ 60,285
71	Arts, Entertainment, and Recreation	2,892	3,412	3,826	520	18%	414	12%	$ 28,009
72	Accommodation and Food Services	3,087	3,678	3,924	591	19%	246	7%	$ 28,133
81	Other Services (except Public Administration)	3,111	3,849	4,417	738	24%	568	15%	$ 29,667
90	Government	4,774	4,997	5,138	223	5%	141	3%	$ 95,280
99	Unclassified Industry	-	-	-	-	0%	0	0%	$ -
	TOTAL	69,588	79,506	86,816	9,918	14%	7,310	9%	$ 71,943

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 18: Employment by Sector, 2-digit NAICS - Newton

Regional Comparison

Table 19 and Table 20 tabulate the same data in Table 18 for the Boston MSA and Massachusetts.

Employment by Sector, 2-digit NAICS – Boston MSA

NAICS	Description	2007 Jobs	2017 Jobs	2027 Jobs	2007 - 2017 % Change	2017-2027 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	6,068	7,995	9,049	32%	13%	$ 51,310
21	Mining, Quarrying, and Oil and Gas Extraction	1,075	668	669	(38%)	0%	$ 80,462
22	Utilities	6,640	6,595	5,574	(1%)	(15%)	$ 159,210
23	Construction	134,186	137,485	154,018	2%	12%	$ 78,334
31	Manufacturing	207,906	177,424	159,276	(15%)	(10%)	$ 116,238
42	Wholesale Trade	100,798	88,582	86,463	(12%)	(2%)	$ 112,960
44	Retail Trade	257,225	264,276	269,008	3%	2%	$ 39,484
48	Transportation and Warehousing	58,144	64,350	66,172	11%	3%	$ 61,319
51	Information	76,097	81,372	83,241	7%	2%	$ 137,535
52	Finance and Insurance	159,920	149,528	155,304	(6%)	4%	$ 180,554
53	Real Estate and Rental and Leasing	44,058	45,659	47,995	4%	5%	$ 83,883
54	Professional, Scientific, and Technical Services	247,330	303,375	339,969	23%	12%	$ 134,943
55	Management of Companies and Enterprises	49,206	55,405	54,978	13%	(1%)	$ 166,246
56	Administrative and Support	150,812	155,283	161,534	3%	4%	$ 54,983
61	Educational Services	152,037	179,461	195,911	18%	9%	$ 60,308
62	Health Care and Social Assistance	352,391	452,725	535,595	28%	18%	$ 69,322
71	Arts, Entertainment, and Recreation	43,322	54,578	61,132	26%	12%	$ 43,885
72	Accommodation and Food Services	184,161	226,659	243,743	23%	8%	$ 28,581
81	Other Services (except Public Administration)	122,531	134,557	143,006	10%	6%	$ 36,152
90	Government	306,071	319,864	326,071	5%	2%	$ 92,033
99	Unclassified Industry	40	37	30	(8%)	(19%)	$ 55,715
	TOTAL	2,660,019	2,905,879	3,098,738	9%	7%	$ 83,756

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 19: Employment by Sector, 2-digit NAICS - Boston MSA

Employment by Sector, 2-digit NAICS – Massachusetts

NAICS	Description	2007 Jobs	2017 Jobs	2027 Jobs	2007 - 2017 % Change	2017-2027 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	11,678	14,242	15,504	22%	9%	$ 52,487
21	Mining, Quarrying, and Oil and Gas Extraction	1,527	1,082	1,105	(29%)	2%	$ 80,137
22	Utilities	9,861	10,960	10,134	11%	(8%)	$ 155,976
23	Construction	192,260	193,818	214,583	1%	11%	$ 73,939
31	Manufacturing	300,858	249,659	219,839	(17%)	(12%)	$ 107,659
42	Wholesale Trade	142,347	127,580	127,245	(10%)	(0%)	$ 109,312
44	Retail Trade	368,107	367,429	367,226	(0%)	(0%)	$ 38,754
48	Transportation and Warehousing	80,437	91,776	95,575	14%	4%	$ 57,974
51	Information	91,602	92,988	92,558	2%	(0%)	$ 130,612
52	Finance and Insurance	189,542	176,701	181,761	(7%)	3%	$ 168,825
53	Real Estate and Rental and Leasing	56,468	56,396	58,642	(0%)	4%	$ 77,696
54	Professional, Scientific, and Technical Services	289,187	351,181	391,901	21%	12%	$ 128,985
55	Management of Companies and Enterprises	61,378	66,220	63,813	8%	(4%)	$ 158,026
56	Administrative and Support	193,089	200,166	208,685	4%	4%	$ 51,332
61	Educational Services	189,858	226,560	247,067	19%	9%	$ 56,952
62	Health Care and Social Assistance	496,409	647,039	762,814	30%	18%	$ 64,995
71	Arts, Entertainment, and Recreation	59,960	73,179	80,634	22%	10%	$ 40,514
72	Accommodation and Food Services	259,393	308,400	326,413	19%	6%	$ 27,403
81	Other Services (except Public Administration)	180,704	180,224	188,039	(0%)	4%	$ 34,966
90	Government	441,945	466,320	477,451	6%	2%	$ 87,599
99	Unclassified Industry	-	-	-	0%	0%	$ -
	TOTAL	3,616,610	3,901,919	4,130,989	8%	6%	$ 77,700

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 20: Employment by Sector, 2-digit NAICS – Massachusetts

Highly Concentrated Sectors

Location quotient (LQ) is a measure of industry concentration, indicating how concentrated a certain sector in a given area of study, relative to the nation as a whole. It can reveal what makes a particular region "unique" in comparison with the national average. An LQ greater than 1 indicates that sector employment in the study area is more concentrated than it is as the national level. In Newton (see Table 21) the sector with highest concentration is Educational Services with an LQ of 10.44, meaning that the share of Educational Services employment in these communities relative to total employment is more than 10 times greater than its share nationally. Other highly concentrated sectors include Arts, Entertainment, and Recreation (LQ = 2.51), and Real Estate and Rental and Leasing (LQ = 2.14).

2017 Location Quotient by Sector, 2-digit NAICS

NAICS	Description	Newton LQ	Boston MSA LQ	Mass. LQ
11	Agriculture, Forestry, Fishing and Hunting	0.07	0.23	0.30
21	Mining, Quarrying, and Oil and Gas Extraction	0.02	0.06	0.07
22	Utilities	0.00	0.65	0.80
23	Construction	0.36	0.88	0.92
31	Manufacturing	0.07	0.78	0.81
42	Wholesale Trade	0.44	0.81	0.87
44	Retail Trade	0.65	0.86	0.89
48	Transportation and Warehousing	0.22	0.64	0.68
51	Information	1.57	1.51	1.28
52	Finance and Insurance	0.78	1.33	1.17
53	Real Estate and Rental and Leasing	2.14	0.96	0.88
54	Professional, Scientific, and Technical Services	1.38	1.64	1.41
55	Management of Companies and Enterprises	0.66	1.36	1.21
56	Administrative and Support	0.91	0.86	0.82
61	Educational Services	10.44	2.40	2.26
62	Health Care and Social Assistance	1.31	1.24	1.32
71	Arts, Entertainment, and Recreation	2.51	1.10	1.10
72	Accommodation and Food Services	0.54	0.91	0.93
81	Other Services (except Public Administration)	1.01	0.97	0.96
90	Government	0.41	0.72	0.78
99	Unclassified Industry	0.00	0.01	0.00

**Includes wages and supplements*

Source: EMSI Complete Employment 2017.4

Table 21: 2017 Location Quotient by Sector, 2-digit NAICS

Regional Comparison of Employment Share by Sector

Table 22 summarizes each sector's share of total employment in Newton, the Boston MSA, Massachusetts, and the US. Notably, the proportion of Educational Services jobs in Newton is more than four times that of the MSA, and more among the other comparison geographies. In addition, about 16% of Newton jobs are in the Health Care and Social Assistance sector, in line with the MSA, the state and slightly higher than the nation. Manufacturing jobs comprise a comparatively smaller portion of the Newton economy, as do Government jobs, Accommodation and Food Services, and Construction.

2017 Employment Share by Sector, Regional Comparison

NAICS	Description	Newton	Boston MSA	Mass.	US
11	Agriculture, Forestry, Fishing and Hunting	0.1%	0.3%	0.4%	1.2%
21	Mining, Quarrying, and Oil and Gas Extraction	0.0%	0.0%	0.0%	0.4%
22	Utilities	0.0%	0.2%	0.3%	0.4%
23	Construction	1.9%	4.7%	5.0%	5.4%
31	Manufacturing	0.6%	6.1%	6.4%	7.9%
42	Wholesale Trade	1.7%	3.0%	3.3%	3.8%
44	Retail Trade	6.7%	9.1%	9.4%	10.6%
48	Transportation and Warehousing	0.8%	2.2%	2.4%	3.4%
51	Information	2.9%	2.8%	2.4%	1.9%
52	Finance and Insurance	3.0%	5.1%	4.5%	3.9%
53	Real Estate and Rental and Leasing	3.5%	1.6%	1.4%	1.6%
54	Professional, Scientific, and Technical Services	8.8%	10.4%	9.0%	6.4%
55	Management of Companies and Enterprises	0.9%	1.9%	1.7%	1.4%
56	Administrative and Support	5.7%	5.3%	5.1%	6.2%
61	Educational Services	26.9%	6.2%	5.8%	2.6%
62	Health Care and Social Assistance	16.4%	15.6%	16.6%	12.6%
71	Arts, Entertainment, and Recreation	4.3%	1.9%	1.9%	1.7%
72	Accommodation and Food Services	4.6%	7.8%	7.9%	8.5%
81	Other Services (except Public Administration)	4.8%	4.6%	4.6%	4.8%
90	Government	6.3%	11.0%	12.0%	15.3%
99	Unclassified Industry	0.0%	0.0%	0.0%	0.2%
		100.0%	100.0%	100.0%	100.0%

Source: EMSI Complete Employment 2017.4

Table 22: 2017 Employment Share by Sector, Regional Comparison

Historic Employment Growth by Sector

Economy-wide, employment in Newton expanded by 14% over the last decade. Massachusetts and the Boston MSA increased by about the same. The US lagged in comparison, growing by 4%. Sectors where employment growth in Newton significantly outpaced that of the comparison geographies include: Agriculture, Real Estate, Transportation and Warehousing, and Health Care. Newton significantly underperformed in Wholesale Trade, in which it lost 43% of jobs compared to losing 12% in the MSA, 10% in the state and 3% in the nation.

2007-2017 Percent Change in Employment, Regional Comparison

NAICS	Description	Newton	Boston MSA	Mass.	US
11	Agriculture, Forestry, Fishing and Hunting	70%	32%	22%	1%
21	Mining, Quarrying, and Oil and Gas Extraction	Insf. Data	(38%)	(29%)	(9%)
22	Utilities	0%	(1%)	11%	2%
23	Construction	11%	2%	1%	(14%)
31	Manufacturing	(12%)	(15%)	(17%)	(11%)
42	Wholesale Trade	(43%)	(12%)	(10%)	(3%)
44	Retail Trade	(3%)	3%	(0%)	2%
48	Transportation and Warehousing	69%	11%	14%	11%
51	Information	26%	7%	2%	(7%)
52	Finance and Insurance	(9%)	(6%)	(7%)	(3%)
53	Real Estate and Rental and Leasing	20%	4%	(0%)	(5%)
54	Professional, Scientific, and Technical Services	19%	23%	21%	15%
55	Management of Companies and Enterprises	26%	13%	8%	22%
56	Administrative and Support	12%	3%	4%	7%
61	Educational Services	13%	18%	19%	24%
62	Health Care and Social Assistance	39%	28%	30%	23%
71	Arts, Entertainment, and Recreation	18%	26%	22%	14%
72	Accommodation and Food Services	19%	23%	19%	17%
81	Other Services (except Public Administration)	24%	10%	(0%)	2%
90	Government	5%	5%	6%	1%
99	Unclassified Industry	0%	(8%)	0%	39%
	TOTAL	14%	9%	8%	4%

Source: EMSI Complete Employment 2017.4

Table 23: 2007-2017 Percent Change in Employment, Regional Comparison

Average Earnings by Sector

Average earnings per job in Newton are slightly lower than the state average (roughly $72,000 compared to $78,000), and slightly lower than average earnings for the MSA ($84,000). This compares to average earnings of about $63,000 nationally.

Newton's top sectors, by number of jobs, are Educational Services, Health Care and Social Assistance, and Professional Services. Educational Services average earnings in Newton surpass the other comparison geographies, almost $20,000 more than the national average. Health Care and Social Assistance average earnings are similar to the national average ($60,000 versus $58,000) but are below that of the MSA and state ($69,000 and $65,000). Newton exceeds the national average in the Professional Services sector ($121,800 versus $98,000) but falls short when compared to the MSA and state ($135,000 and $129,000).

2017 Average Earnings*, Regional Comparison

NAICS	Description	Newton	Boston MSA	Mass.	US
11	Agriculture, Forestry, Fishing and Hunting	$ 80,911	$ 51,310	$ 52,487	$ 35,700
21	Mining, Quarrying, and Oil and Gas Extraction	$ -	$ 80,462	$ 80,137	$ 121,333
22	Utilities	$ -	$ 159,210	$ 155,976	$ 140,096
23	Construction	$ 83,812	$ 78,334	$ 73,939	$ 62,056
31	Manufacturing	$ 77,175	$ 116,238	$ 107,659	$ 81,241
42	Wholesale Trade	$ 140,139	$ 112,960	$ 109,312	$ 85,911
44	Retail Trade	$ 36,884	$ 39,484	$ 38,754	$ 35,793
48	Transportation and Warehousing	$ 39,380	$ 61,319	$ 57,974	$ 60,933
51	Information	$ 149,417	$ 137,535	$ 130,612	$ 115,468
52	Finance and Insurance	$ 135,068	$ 180,554	$ 168,825	$ 118,438
53	Real Estate and Rental and Leasing	$ 74,320	$ 83,883	$ 77,696	$ 59,434
54	Professional, Scientific, and Technical Services	$ 121,796	$ 134,943	$ 128,985	$ 97,816
55	Management of Companies and Enterprises	$ 185,928	$ 166,246	$ 158,026	$ 137,092
56	Administrative and Support	$ 49,428	$ 54,983	$ 51,332	$ 43,069
61	Educational Services	$ 68,897	$ 60,308	$ 56,952	$ 47,661
62	Health Care and Social Assistance	$ 60,285	$ 69,322	$ 64,995	$ 57,915
71	Arts, Entertainment, and Recreation	$ 28,009	$ 43,885	$ 40,514	$ 38,802
72	Accommodation and Food Services	$ 28,133	$ 28,581	$ 27,403	$ 23,598
81	Other Services (except Public Administration)	$ 29,667	$ 36,152	$ 34,966	$ 32,334
90	Government	$ 95,280	$ 92,033	$ 87,599	$ 74,415
99	Unclassified Industry	$ -	$ 55,715	$ -	$ 61,582
	Overall Average Earnings	**$ 71,943**	**$ 83,756**	**$ 77,700**	**$ 63,002**

**Includes wages and supplements*

Source: EMSI Complete Employment 2017.4

Table 24: 2017 Average Earnings, Regional Comparison*

Gross Regional Product by Sector (2-digit NAICS)

Within the City of Newton, the industry contributing the most to gross regional product (GRP) is Educational Services, contributing over $1 billion in 2016, totaling 17.3% of total GRP in the city. The following two largest industries by GRP include Professional, Scientific, and Technical Services and Health Care and Social Assistance. (contributing $1 billion and $830 million respectively).

As Table 25 illustrates, some of these trends follow the MSA and state, and some do not. Professional, Scientific, and Technical Services and Health Care and Social Assistance are similar among these comparison geographies. However, Educational Services is uniquely high in Newton.

2016 Gross Regional Product by 2-Digit Sector

NAICS	Industry	Newton GRP	Pct. of Total GRP- Newton	Pct. of Total GRP- Boston MSA	Pct. of Total GRP- MA
11	Agriculture, Forestry, Fishing and Hunting	$ 8,820,865	0.1%	0.2%	0.3%
21	Mining, Quarrying, and Oil and Gas Extraction	$ 1,639,680	0.0%	0.1%	0.1%
22	Utilities	$ -	0.0%	0.9%	1.1%
23	Construction	$ 167,605,803	2.1%	4.0%	4.3%
31	Manufacturing	$ 58,939,697	0.7%	9.1%	9.7%
42	Wholesale Trade	$ 355,138,469	4.4%	5.5%	5.4%
44	Retail Trade	$ 267,255,103	3.3%	3.8%	4.3%
48	Transportation and Warehousing	$ 34,631,216	0.4%	1.6%	1.7%
51	Information	$ 597,233,107	7.3%	5.6%	5.0%
52	Finance and Insurance	$ 639,641,707	7.8%	15.1%	13.6%
53	Real Estate and Rental and Leasing	$ 727,184,101	8.9%	3.3%	3.2%
54	Professional, Scientific, and Technical Services	$ 1,034,985,449	12.7%	12.2%	10.8%
55	Management of Companies and Enterprises	$ 134,898,632	1.7%	2.6%	2.4%
56	Administrative and Support	$ 303,869,149	3.7%	3.0%	2.8%
61	Educational Services	$ 1,414,182,796	17.3%	2.9%	2.8%
62	Health Care and Social Assistance	$ 833,075,261	10.2%	8.7%	9.4%
71	Arts, Entertainment, and Recreation	$ 228,550,076	2.8%	1.0%	1.0%
72	Accommodation and Food Services	$ 124,841,056	1.5%	2.3%	2.4%
81	Other Services (except Public Administration)	$ 126,886,710	1.6%	1.5%	1.6%
90	Government	$ 461,066,305	5.6%	8.4%	9.4%
	Other Vectors	$ 641,031,766	7.9%	8.3%	8.9%
TOTAL		$ 8,161,476,948	100%	100%	100%

Source: EMSI Complete Employment 2017.4

Table 25: 2016 Gross Regional Product by 2-Digit Sector

Top Industries (4-digit NAICS)

Table 26 shows the top 25 industries at the 4-digit level for Newton. Seven of these industries stem from the Healthcare and Social Assistance sector and three stem from the Educational Services sector (collectively known as "Eds and Meds"). Colleges, Universities, and Professional Schools top the list, with over 18,000 jobs in 2017, up 11% over the last ten years. Services to Buildings and Dwellings, and Individual and Family Services round out the top three. In addition, there are several industries in the top 25 that fall within the Professional Services sector (NAICS code 54) and include Management, Scientific, and Technical Consulting Services; Computer Systems, Design and Related Services; and Legal Services. In total these represent about 4,900 jobs in 2017.

Top 25 Industries by Employment, 4-digit NAICS – Newton

NAICS	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 Pct. Change	2017 National LQ	2017 Avg. Earnings*
6113	Colleges, Universities, and Professional Schools	16,386	18,197	1,811	11%	18.68	$ 72,769
5617	Services to Buildings and Dwellings	2,537	3,177	640	25%	2.26	$ 37,224
6241	Individual and Family Services	1,224	3,096	1,872	153%	2.54	$ 34,856
7225	Restaurants and Other Eating Places	2,427	3,080	653	27%	0.59	$ 25,907
9036	Education and Hospitals (Local Government)	2,683	2,919	236	9%	0.68	$ 88,405
5415	Computer Systems Design and Related Services	1,728	2,477	749	43%	2.32	$160,213
6221	General Medical and Surgical Hospitals	2,152	2,353	201	9%	1.02	$ 82,181
6111	Elementary and Secondary Schools	1,520	1,767	247	16%	3.12	$ 54,557
7139	Other Amusement and Recreation Industries	1,259	1,653	394	31%	2.39	$ 28,379
4451	Grocery Stores	1,262	1,500	238	19%	1.10	$ 28,613
6213	Offices of Other Health Practitioners	956	1,469	513	54%	2.96	$ 53,803
7115	Independent Artists, Writers, and Performers	1,438	1,465	27	2%	9.80	$ 20,411
6211	Offices of Physicians	1,334	1,437	103	8%	1.11	$122,000
5313	Activities Related to Real Estate	1,079	1,304	225	21%	3.23	$ 83,506
5416	Management, Scientific, and Technical Consulting Services	994	1,253	259	26%	1.49	$113,356
5311	Lessors of Real Estate	765	1,215	450	59%	3.04	$ 64,816
8141	Private Households	727	1,182	455	63%	2.64	$ 18,001
5411	Legal Services	1,220	1,149	(71)	(6%)	1.72	$ 80,349
6116	Other Schools and Instruction	707	1,103	396	56%	3.81	$ 33,173
8121	Personal Care Services	812	1,080	268	33%	1.70	$ 27,163
9039	Local Government, Excluding Education and Hospitals	921	981	60	7%	0.35	$ 97,160
6244	Child Day Care Services	800	900	100	13%	1.46	$ 31,103
5239	Other Financial Investment Activities	1,003	877	(126)	(13%)	3.30	$183,641
6216	Home Health Care Services	395	865	470	119%	1.20	$ 48,940
6231	Nursing Care Facilities (Skilled Nursing Facilities)	895	857	(38)	(4%)	1.05	$ 50,502

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 26: Top 25 Industries by Employment, 4-digit NAICS – Newton

Fifteen of Newton's top 25 industries overlap with those on the Boston MSA list; however, there are several industry groupings that are unique to Newton. Educational industries, including (private) Elementary and Secondary Schools, Child Day Care Services, and Other Schools and Instruction are key employers in Newton, but less important in the MSA overall. The Arts sector—including Amusement and Recreation Industries and Independent Artist—are also unique to Newton top 25 4-digit industries.

Table 27 and Table 28 tabulate the same data in Table 26 for the Boston MSA and Massachusetts.

Top 25 Industries by Employment, 4-digit NAICS – Boston MSA

NAICS	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 Pct. Change	2017 National LQ	2017 Avg. Earnings*
7225	Restaurants and Other Eating Places	138,506	177,184	38,678	28%	0.93	$ 25,517
6221	General Medical and Surgical Hospitals	112,575	127,443	14,868	13%	1.51	$ 93,278
6113	Colleges, Universities, and Professional Schools	108,191	125,809	17,618	16%	3.54	$ 65,443
9036	Education and Hospitals (Local Government)	108,514	117,654	9,140	8%	0.75	$ 86,731
5415	Computer Systems Design and Related Services	48,559	75,142	26,583	55%	1.93	$157,609
9039	Local Government, Excluding Education and Hospitals	65,247	65,759	512	1%	0.64	$101,020
4451	Grocery Stores	54,271	64,189	9,918	18%	1.29	$ 27,880
6241	Individual and Family Services	22,983	58,470	35,487	154%	1.31	$ 34,471
5511	Management of Companies and Enterprises	49,206	55,405	6,199	13%	1.36	$166,246
5617	Services to Buildings and Dwellings	47,860	54,505	6,645	14%	1.07	$ 37,425
5417	Scientific Research and Development Services	37,689	54,302	16,613	44%	4.32	$185,140
5416	Management, Scientific, and Technical Consulting Services	38,288	51,014	12,726	33%	1.66	$125,294
9029	State Government, Excluding Education and Hospitals	50,677	50,602	(75)	(0%)	1.22	$114,867
5613	Employment Services	52,643	50,080	(2,563)	(5%)	0.77	$ 59,346
6211	Offices of Physicians	38,480	44,391	5,911	15%	0.94	$131,430
2382	Building Equipment Contractors	39,665	41,836	2,171	5%	1.00	$ 84,768
5221	Depository Credit Intermediation	40,015	38,598	(1,417)	(4%)	1.24	$126,623
5413	Architectural, Engineering, and Related Services	37,281	36,258	(1,023)	(3%)	1.32	$114,617
9011	Federal Government, Civilian	38,054	35,944	(2,110)	(6%)	0.68	$110,919
6216	Home Health Care Services	17,008	35,523	18,515	109%	1.35	$ 46,102
5241	Insurance Carriers	35,142	35,498	356	1%	1.62	$129,669
9026	Education and Hospitals (State Government)	29,254	35,058	5,804	20%	0.64	$ 65,914
5239	Other Financial Investment Activities	28,152	33,120	4,968	18%	3.43	$296,533
6231	Nursing Care Facilities (Skilled Nursing Facilities)	35,015	32,489	(2,526)	(7%)	1.09	$ 49,324
7139	Other Amusement and Recreation Industries	24,346	31,217	6,871	28%	1.24	$ 27,187

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 27: Top 25 Industries by Employment, 4-digit NAICS – Boston MSA

Top 25 Industries by Employment, 4-digit NAICS – Massachusetts

NAICS	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 Pct. Change	2017 National LQ	2017 Avg. Earnings*
7225	Restaurants and Other Eating Places	195,599	240,575	44,976	23%	0.94	$ 24,669
9036	Education and Hospitals (Local Government)	161,641	172,477	10,836	7%	0.82	$ 84,022
6221	General Medical and Surgical Hospitals	150,862	167,945	17,083	11%	1.48	$ 90,216
6113	Colleges, Universities, and Professional Schools	130,823	154,977	24,154	18%	3.25	$ 61,669
6241	Individual and Family Services	33,464	96,332	62,868	188%	1.61	$ 31,603
9039	Local Government, Excluding Education and Hospitals	94,593	95,307	714	1%	0.69	$ 94,299
4451	Grocery Stores	75,372	86,582	11,210	15%	1.29	$ 28,703
5415	Computer Systems Design and Related Services	56,074	84,985	28,911	52%	1.63	$152,766
5617	Services to Buildings and Dwellings	64,507	72,253	7,746	12%	1.05	$ 36,692
9029	State Government, Excluding Education and Hospitals	66,929	69,595	2,666	4%	1.25	$112,167
5613	Employment Services	67,673	67,410	(263)	(0%)	0.77	$ 52,953
5511	Management of Companies and Enterprises	61,378	66,220	4,842	8%	1.21	$158,026
9026	Education and Hospitals (State Government)	49,473	61,957	12,484	25%	0.84	$ 64,075
5417	Scientific Research and Development Services	41,719	59,822	18,103	43%	3.54	$181,267
6211	Offices of Physicians	52,348	58,428	6,080	12%	0.92	$124,418
5416	Management, Scientific, and Technical Consulting Services	44,079	58,282	14,203	32%	1.41	$119,968
2382	Building Equipment Contractors	53,208	56,482	3,274	6%	1.01	$ 81,188
6231	Nursing Care Facilities (Skilled Nursing Facilities)	57,489	53,382	(4,107)	(7%)	1.33	$ 48,054
5221	Depository Credit Intermediation	50,508	48,847	(1,661)	(3%)	1.17	$116,894
6216	Home Health Care Services	23,807	47,969	24,162	101%	1.36	$ 46,372
9011	Federal Government, Civilian	49,407	46,873	(2,534)	(5%)	0.66	$106,129
5241	Insurance Carriers	43,584	44,104	520	1%	1.50	$130,265
5413	Architectural, Engineering, and Related Services	43,672	42,381	(1,291)	(3%)	1.15	$109,331
7139	Other Amusement and Recreation Industries	33,537	42,158	8,621	26%	1.25	$ 27,512
6111	Elementary and Secondary Schools	33,062	37,750	4,688	14%	1.36	$ 51,519

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 28: Top 25 Industries by Employment, 4-digit NAICS – Massachusetts

Self-Employment

Nine percent of Newton jobs are held by self-employed workers. Arts, Entertainment and Recreation account for largest share of self-employed workers at 20.9%. Professional, Scientific and Technical Services represent 17.2% of all self-employed jobs and Other Services (except Public Administration) represents 18.1%.

Almost half (43.7%) of all Arts, Entertainment, and Recreation jobs are self-employed positions. Similarly, self-employed workers in the Agriculture sector represent 43.4% of all workers in that sector. As such, the workers within these industries may need additional resources pertaining to business development.

Average earnings for self-employed positions are low relative to earnings for all jobs. Across industries, average self-employed earnings are $28,220, compared to $71,943 for all jobs.

2017 Self-Employment by Sector, 2-digit NAICS - Newton

NAICS	Description	Self Employed Jobs	Total Jobs	Pct. of Jobs in Industry	Pct. of All Self Employed Jobs	Avg. Earnings, Self Employed*	Avg. Earnings, All Jobs*
11	Agriculture, Forestry, Fishing and Hunting	30	68	43.4%	0.4%	$ 56,793	$ 80,911
21	Mining, Quarrying, and Oil and Gas Extraction	<10	<10	--	--	Insf. Data	Insf. Data
22	Utilities	0	0	--	0.0%	--	--
23	Construction	271	1,536	17.6%	3.8%	$ 28,137	$ 83,812
31	Manufacturing	32	457	7.0%	0.4%	$ 32,905	$ 77,175
42	Wholesale Trade	15	1,316	1.1%	0.2%	$ 41,996	$ 140,139
44	Retail Trade	157	5,347	2.9%	2.2%	$ 24,674	$ 36,884
48	Transportation and Warehousing	82	600	13.7%	1.2%	$ 23,103	$ 39,380
51	Information	178	2,335	7.6%	2.5%	$ 27,697	$ 149,417
52	Finance and Insurance	190	2,387	8.0%	2.7%	$ 56,250	$ 135,068
53	Real Estate and Rental and Leasing	610	2,821	21.6%	8.6%	$ 33,994	$ 74,320
54	Professional, Scientific, and Technical Services	1,229	7,008	17.5%	17.2%	$ 42,902	$ 121,796
55	Management of Companies and Enterprises	0	740	0.0%	0.0%	--	$ 185,928
56	Administrative and Support	413	4,535	9.1%	5.8%	$ 20,356	$ 49,428
61	Educational Services	414	21,350	1.9%	5.8%	$ 20,512	$ 68,897
62	Health Care and Social Assistance	681	13,062	5.2%	9.6%	$ 48,347	$ 60,285
71	Arts, Entertainment, and Recreation	1,491	3,412	43.7%	20.9%	$ 16,835	$ 28,009
72	Accommodation and Food Services	39	3,678	1.1%	0.6%	$ 21,290	$ 28,133
81	Other Services (except Public Administration)	1,292	3,849	33.6%	18.1%	$ 15,020	$ 29,667
90	Government	0	4,997	0.0%	0.0%	--	$ 95,280
99	Unclassified Industry	0	0	--	0.0%	--	--
		7,126	79,506	9.0%	100.0%	$ 28,220	$ 71,943

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 29: 2017 Self-Employment by Sector, 2-digit NAICS - Newton

Examining self-employment at the 4-digit NAICS level, Independent Artists, Writers, and Performers represent 18.5% of self-employed positions, the most of any industry. Private Households follows at 11.9%, and Legal Services occupies third place at 5.8%.

Top 25 Industries by Self Employed Jobs, 4-digit NAICS - Newton 2017

NAICS	Description	Self Employed Jobs	Total Jobs	Pct. of Jobs in Industry	Pct. of All Self Employed Jobs	Avg. Earnings, Self Employed*	Avg. Earnings, All Jobs*
7115	Independent Artists, Writers, and Performers	1,318	1465	90.0%	18.5%	$ 16,235.52	$ 20,411
8141	Private Households	845	1182	71.5%	11.9%	$ 12,092.00	$ 18,001
5411	Legal Services	413	1149	35.9%	5.8%	$ 64,666.97	$ 80,349
5617	Services to Buildings and Dwellings	357	3177	11.2%	5.0%	$ 19,032.95	$ 37,224
5311	Lessors of Real Estate	342	1215	28.2%	4.8%	$ 33,853.11	$ 64,816
8121	Personal Care Services	301	1080	27.9%	4.2%	$ 18,713.23	$ 27,163
5416	Management, Scientific, and Technical Consultin	299	1253	23.9%	4.2%	$ 38,370.97	$ 113,356
6116	Other Schools and Instruction	260	1103	23.6%	3.6%	$ 17,090.48	$ 33,173
6213	Offices of Other Health Practitioners	256	1469	17.4%	3.6%	$ 43,375.89	$ 53,803
5419	Other Professional, Scientific, and Technical Serv	189	585	32.3%	2.7%	$ 19,846.70	$ 75,558
5313	Activities Related to Real Estate	179	1304	13.7%	2.5%	$ 33,853.11	$ 83,506
5239	Other Financial Investment Activities	150	877	17.1%	2.1%	$ 57,577.81	$ 183,641
6244	Child Day Care Services	140	900	15.6%	2.0%	$ 14,652.82	$ 31,103
5414	Specialized Design Services	116	230	50.5%	1.6%	$ 23,792.55	$ 55,039
6241	Individual and Family Services	111	3096	3.6%	1.6%	$ 31,532.30	$ 34,856
5121	Motion Picture and Video Industries	110	331	33.3%	1.5%	$ 26,934.99	$ 54,762
2361	Residential Building Construction	109	333	32.8%	1.5%	$ 28,137.30	$ 64,230
5415	Computer Systems Design and Related Services	102	2477	4.1%	1.4%	$ 39,890.97	$ 160,213
7139	Other Amusement and Recreation Industries	97	1653	5.9%	1.4%	$ 25,130.79	$ 28,379
5312	Offices of Real Estate Agents and Brokers	86	261	33.0%	1.2%	$ 33,853.11	$ 71,853
6211	Offices of Physicians	84	1437	5.8%	1.2%	$ 126,341.34	$ 122,000
2383	Building Finishing Contractors	75	196	38.3%	1.1%	$ 28,137.30	$ 57,362
6111	Elementary and Secondary Schools	66	1767	3.7%	0.9%	$ 25,256.57	$ 54,557
5412	Accounting, Tax Preparation, Bookkeeping, and	65	434	15.0%	0.9%	$ 34,637.31	$ 91,190
8129	Other Personal Services	60	195	30.8%	0.8%	$ 16,278.81	$ 26,683

*Includes wages and supplements

Source: EMSI Complete Employment 2017.4

Table 30: Top 25 Industries by Self Employed Jobs, 4-digit NAICS - Newton 2017

Top Occupations (SOC)

Table 31 shows the top occupations in Newton include Building Cleaning and Pest Control Workers, Secretaries and Administrative Assistance, and Postsecondary Teachers. These represent occupations within all industry sectors at Newton businesses.

Top 25 Occupations by Employment, 3-Digit SOC - Newton

SOC	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 % Change	2017 National LQ	Avg. Hourly Earnings
37-2000	Building Cleaning and Pest Control Workers	3,391	4,468	1,077	32%	2.14	$16.57
43-6000	Secretaries and Administrative Assistants	3,210	3,700	490	15%	1.77	$23.18
25-1000	Postsecondary Teachers	3,672	3,602	(70)	(2%)	4.80	$52.57
39-9000	Other Personal Care and Service Workers	2,073	3,487	1,414	68%	1.67	$15.44
29-1000	Health Diagnosing and Treating Practitioners	2,832	3,290	458	16%	1.20	$53.59
15-1100	Computer Occupations	2,592	3,275	683	26%	1.53	$47.29
41-2000	Retail Sales Workers	3,334	3,186	(148)	(4%)	0.71	$13.45
43-9000	Other Office and Administrative Support Workers	2,653	3,024	371	14%	1.35	$19.79
43-4000	Information and Record Clerks	2,509	2,818	309	12%	0.95	$19.41
11-9000	Other Management Occupations	2,491	2,735	244	10%	1.55	$47.59
25-2000	Preschool, Primary, Secondary, and Special Education School Teachers	2,314	2,658	344	15%	1.25	$32.50
13-1000	Business Operations Specialists	2,150	2,511	361	17%	0.99	$39.39
35-3000	Food and Beverage Serving Workers	2,009	2,443	434	22%	0.65	$13.01
21-1000	Counselors, Social Workers, and Other Community and Social Service Specialists	1,257	1,766	509	40%	1.66	$24.81
43-3000	Financial Clerks	1,741	1,734	(7)	(0%)	1.03	$21.83
13-2000	Financial Specialists	1,588	1,576	(12)	(1%)	1.06	$40.48
11-1000	Top Executives	1,288	1,450	162	13%	1.12	$71.05
31-1000	Nursing, Psychiatric, and Home Health Aides	906	1,440	534	59%	1.13	$15.14
29-2000	Health Technologists and Technicians	1,260	1,422	162	13%	0.91	$27.01
11-3000	Operations Specialties Managers	1,183	1,335	152	13%	1.48	$66.77
49-9000	Other Installation, Maintenance, and Repair Occupations	1,105	1,316	211	19%	0.84	$23.11
27-2000	Entertainers and Performers, Sports and Related Workers	1,142	1,285	143	13%	3.07	$23.09
43-5000	Material Recording, Scheduling, Dispatching, and Distributing Workers	1,311	1,238	(73)	(6%)	0.59	$18.24
25-9000	Other Education, Training, and Library Occupations	1,057	1,227	170	16%	1.52	$18.53
25-3000	Other Teachers and Instructors	879	1,134	255	29%	1.60	$23.03

Source: EMSI Complete Employment 2017.4

Table 31: Top 25 Occupations by Employment, 3-Digit SOC - Newton

Top occupations were somewhat similar across the comparison geographies, seen in **Error! Reference source not found.** and Table 33. Occupations for which Newton showed high concentrations relative to the Boston MSA and Massachusetts as a whole included Postsecondary Teachers, Entertainers and Performers, Building and Cleaning Workers, and Other Personal Care and Service Workers.

Top 25 Occupations by Employment, 3-Digit SOC - Boston MSA

SOC	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 % Change	2017 National LQ	Avg. Hourly Earnings
41-2000	Retail Sales Workers	137,299	141,070	3,771	3%	0.87	$13.15
35-3000	Food and Beverage Serving Workers	101,656	126,702	25,046	25%	0.93	$12.88
29-1000	Health Diagnosing and Treating Practitioners	107,308	125,866	18,558	17%	1.26	$54.24
15-1100	Computer Occupations	102,242	123,217	20,975	21%	1.57	$47.77
13-1000	Business Operations Specialists	96,619	107,315	10,696	11%	1.15	$39.45
43-4000	Information and Record Clerks	94,241	97,786	3,545	4%	0.91	$19.55
47-2000	Construction Trades Workers	86,968	88,175	1,207	1%	0.87	$26.79
43-6000	Secretaries and Administrative Assistants	80,559	86,092	5,533	7%	1.13	$23.45
39-9000	Other Personal Care and Service Workers	56,499	80,789	24,290	43%	1.06	$14.61
25-2000	Preschool, Primary, Secondary, and Special Education School Teachers	72,028	80,742	8,714	12%	1.04	$32.15
37-2000	Building Cleaning and Pest Control Workers	69,458	79,201	9,743	14%	1.04	$15.92
43-9000	Other Office and Administrative Support Workers	75,730	78,883	3,153	4%	0.96	$19.54
11-9000	Other Management Occupations	66,735	73,890	7,155	11%	1.14	$46.69
13-2000	Financial Specialists	68,749	70,807	2,058	3%	1.31	$42.18
43-5000	Material Recording, Scheduling, Dispatching, and Distributing Workers	69,329	69,265	(64)	(0%)	0.91	$17.95
53-3000	Motor Vehicle Operators	58,702	65,584	6,882	12%	0.81	$18.76
11-1000	Top Executives	59,427	65,025	5,598	9%	1.37	$68.83
43-3000	Financial Clerks	64,693	63,077	(1,616)	(2%)	1.03	$20.89
11-3000	Operations Specialties Managers	55,079	60,979	5,900	11%	1.86	$65.04
29-2000	Health Technologists and Technicians	52,446	60,299	7,853	15%	1.06	$26.97
21-1000	Counselors, Social Workers, and Other Community and Social Service Specialists	44,692	57,123	12,431	28%	1.47	$23.69
35-2000	Cooks and Food Preparation Workers	41,901	50,994	9,093	22%	0.84	$13.94
53-7000	Material Moving Workers	50,116	50,043	(73)	(0%)	0.58	$15.84
31-1000	Nursing, Psychiatric, and Home Health Aides	36,195	49,837	13,642	38%	1.07	$14.95
17-2000	Engineers	42,681	43,787	1,106	3%	1.41	$49.99

Source: EMSI Complete Employment 2017.4

Table 32: Top 25 Occupations by Employment, 3-Digit SOC - Boston MSA

Top 25 Occupations by Employment, 3-Digit SOC - Massachusetts

SOC	Description	2007 Jobs	2017 Jobs	2007 - 2017 Change	2007 - 2017 % Change	2017 National LQ	Avg. Hourly Earnings
41-2000	Retail Sales Workers	194,426	194,531	105	0%	0.89	$13.02
35-3000	Food and Beverage Serving Workers	144,369	173,591	29,222	20%	0.95	$12.54
29-1000	Health Diagnosing and Treating Practitioners	145,529	168,759	23,230	16%	1.26	$53.13
15-1100	Computer Occupations	121,728	144,453	22,725	19%	1.37	$45.98
13-1000	Business Operations Specialists	121,839	134,276	12,437	10%	1.07	$38.28
47-2000	Construction Trades Workers	125,664	126,272	608	0%	0.93	$26.11
43-4000	Information and Record Clerks	122,072	125,618	3,546	3%	0.87	$19.23
39-9000	Other Personal Care and Service Workers	84,768	119,230	34,462	41%	1.16	$14.25
25-2000	Preschool, Primary, Secondary, and Special Education School Teachers	105,271	115,369	10,098	10%	1.11	$32.10
43-6000	Secretaries and Administrative Assistants	105,354	112,388	7,034	7%	1.09	$23.07
43-9000	Other Office and Administrative Support Workers	98,281	102,089	3,808	4%	0.93	$19.09
37-2000	Building Cleaning and Pest Control Workers	94,413	101,341	6,928	7%	0.99	$15.45
11-9000	Other Management Occupations	90,511	99,129	8,618	10%	1.14	$44.82
43-5000	Material Recording, Scheduling, Dispatching, and Distributing Workers	97,705	96,332	(1,373)	(1%)	0.94	$17.60
53-3000	Motor Vehicle Operators	84,711	94,711	10,000	12%	0.88	$18.63
21-1000	Counselors, Social Workers, and Other Community and Social Service Specialists	65,799	87,469	21,670	33%	1.68	$22.66
13-2000	Financial Specialists	84,579	86,803	2,224	3%	1.19	$41.05
11-1000	Top Executives	80,261	86,577	6,316	8%	1.36	$66.93
29-2000	Health Technologists and Technicians	72,783	82,320	9,537	13%	1.08	$26.31
43-3000	Financial Clerks	84,184	81,468	(2,716)	(3%)	0.99	$20.69
11-3000	Operations Specialties Managers	70,809	77,264	6,455	9%	1.75	$62.87
31-1000	Nursing, Psychiatric, and Home Health Aides	53,150	73,767	20,617	39%	1.17	$14.52
53-7000	Material Moving Workers	72,173	71,913	(260)	(0%)	0.62	$15.21
35-2000	Cooks and Food Preparation Workers	58,295	68,258	9,963	17%	0.84	$13.72
49-9000	Other Installation, Maintenance, and Repair Occupations	55,877	58,936	3,059	5%	0.76	$24.25

Source: EMSI Complete Employment 2017.4

Table 33: Top 25 Occupations by Employment, 3-Digit SOC - Massachusetts

Top Employers

The following is a list from the City of Newton indicating Newton's largest employers in 2017, excluding the City itself, for 2017.

Employer's with 1,000+ Employees:

- Five Start Quality Care
- Newton Wellesley Hospital
- Boston College
- CCS Global Holdings
- Henley Enterprises Inc.
- Softbank Holdings Inc.

Employer's with 500-999 Employees:

- Tech Target Inc.
- Alliance Health
- CWC Builders
- Wegmans
- Crocodile Creek Developers
- HouseWorks
- Jewish Community Center of Greater Boston
- Wingate Management Company
- Reit Management
- Carematrix Corporation

Employer's with 250-499 Employees:

- Dana R. Mosher Corporation
- Marriott- Boston Newton
- Senior Housing Properties
- Medical Resources Inc.
- D'Agostino Associates Inc.
- Mount Ida College
- Northland Investment Corporation
- Restaurant Concepts Inc.

Fiscal Analysis

As of 2018, residential properties account for 82.3% of the City of Newton's total tax levy, and 89.9% of total assessed value. The residential share of the tax base grew between 1989 and 2007, dipped slightly over the last decade or so, but has trended upward since 2015.

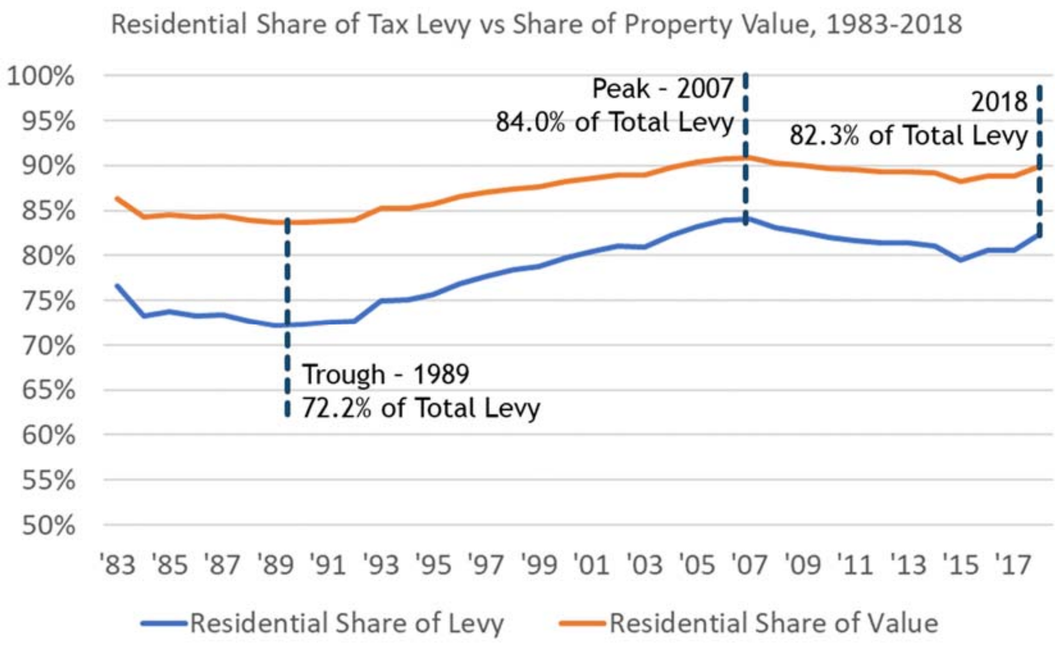

Figure 11: Residential Share of Tax Levy and Property Value, 1983-2018

Compared to its seven neighboring communities, Newton has the second lowest commercial and industrial property values as a share of total real property value.[8] The current commercial and industrial property share in Newton is 8.7%, remaining the same since 2008. With the exception of Watertown, all other communities showed an increase in their share of commercial and industrial properties.

Commercial/Industrial Share of Real Property Value		
	2008	2018
Boston	31.2%	32.4%
Waltham	28.6%	31.4%
Watertown	17.7%	17.6%
Wellesley	11.4%	11.8%
Needham	10.5%	11.1%
Brookline	8.4%	9.2%
Newton	**8.7%**	**8.7%**
Weston	3.0%	3.5%

Source: MA Division of Local Services

Table 34: Commercial/Industrial Share of Real Property Value

[8] Real property value excludes personal property.

Commercial and industrial properties have accounted for 16.1% of the increase in value to due to new construction in Newton between 2008 and 2018, placing Newton 5th among its neighbors. Commercial and industrial development in Waltham has comprised a notably high share of overall development, accounting for almost half. On a per capita basis, Newton has added approximately $4,383 per capita worth of value, which is relatively low compared to nearby communities. Newton's per capita value is less than half that of Needham, which tops the list.

Commercial & Industrial Share of New Construction Value, 2008-2018		2008-2018 New Construction Value per Capita, Commercial & Industrial Properties		
Waltham	48.3%	Needham	$	9,830
Boston	33.8%	Boston	$	8,809
Watertown	28.1%	Watertown	$	6,139
Needham	20.2%	Waltham	$	5,764
Newton	**16.1%**	Weston	$	5,716
Weston	7.6%	**Newton**	**$**	**4,383**
Brookline	7.4%	Wellesley	$	3,516
Wellesley	7.0%	Brookline	$	1,900

Source: MA Division of Local Services *Source: MA Division of Local Services*

Table 35: Commercial and Industrial Share of New Construction Value

#408-18

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ECONOMIC DEVELOPMENT

Attachment 3: Market Analysis

#408-18

APPENDIX: 3
REAL ESTATE MARKET ANALYSIS

ECONOMIC DEVELOPMENT STRATEGY
CITY OF NEWTON, MASSACHUSETTS

April 2018

Prepared for:

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1000 Commonwealth Avenue
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About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in over twenty states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

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Executive Summary

As part of the initial research to create an economic development strategy for the City of Newton, Camoin Associates conducted a real estate market analysis to determine development opportunities for different use types throughout the city. These use types include office space, lab space, medical office, industrial, retail, hotel, and residential. This information will be used to ensure economic development strategies are grounded in market realities. Market opportunities are summarized in Table 1.

Table 1: Newton Market Opportunity Summary

Newton Market Opportunity Summary	
Use Type	Opportunity
Office	Significant vacancies and a lack of Class A sites limit demand for new development, but opportunities exist to reposition and amenitize current inventory.
Lab	Robust growth and soaring rents in Cambridge/Boston life sciences sector presents an opportunity to create a lab space node in Newton.
Medical Office	An aging population and shifting trends in health care delivery means strong demand for medical office space into the future.
Industrial	Land availability constraints and high land costs limit potential for comparatively low-value industrial development.
Retail	High incomes and significant spending leakage are an opportunity for new retail development in the city, but rising rents are squeezing out existing mom-and-pop shops.
Hotel	Sluggish commercial development in Newton and increased room supply in nearby suburbs limits potential, but differentiated boutique hotels could be viable.
Residential	Urgent need for multifamily/affordable units to house the talent required to attract commercial development.

Introduction

As part of the initial research to create an economic development strategy for the City of Newton, Camoin Associates conducted a real estate market analysis to determine development opportunities for different use types throughout the city. These use types include office space, lab space, medical office, industrial, retail, hotel, and residential. This information will be used to ensure economic development strategies are grounded in market realities. A discussion of market trends and development potential for each use type follows.

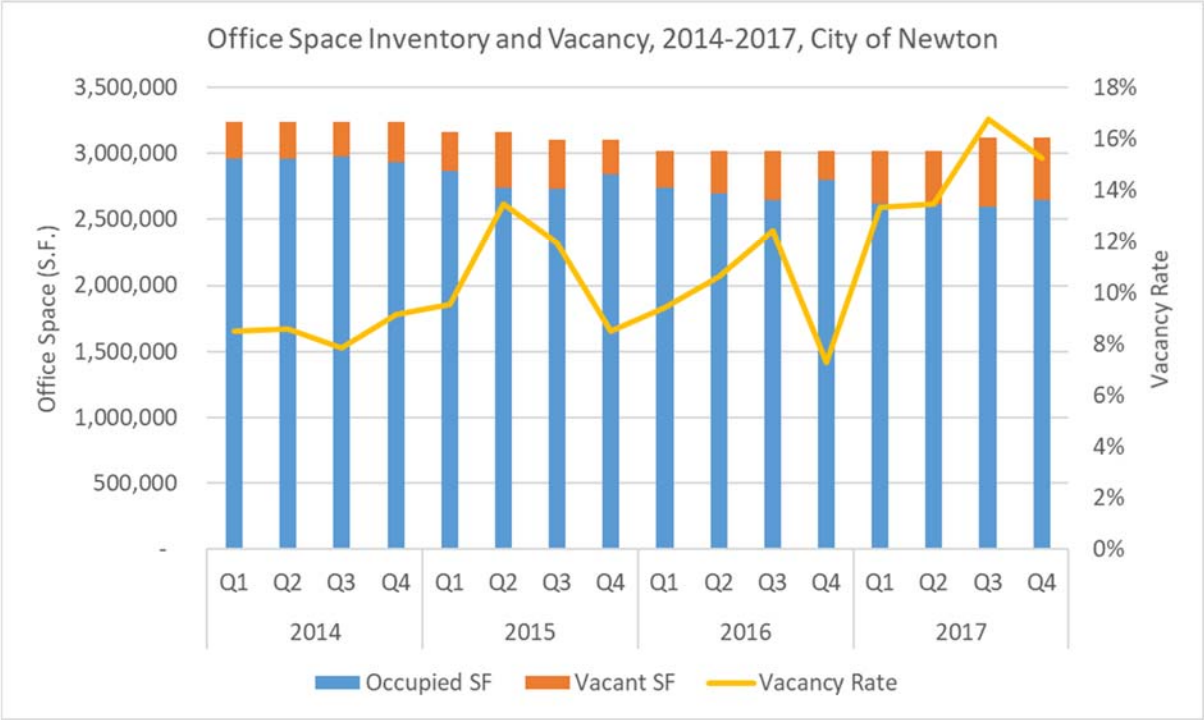
Office

As the Boston economy booms, the regional office market has benefited from significant tenant demand, especially among innovation, technology, and life sciences companies. The metro's ability to attract and retain talent has led to supply challenges, particularly in the Boston core and Cambridge. Locations with amenities and transit access continue to perform the best in terms of occupancy and command the highest rents.

Urbanization trends, however, are a challenge for some suburban markets, which have experienced elevated vacancy rates. Large blocks of space are becoming increasingly limited in Boston and Cambridge, putting upward pressure on rents, and creating opportunities for suburban locations to lure larger tenants with more competitive pricing. Suburban office offerings that are mixed-use and transit-oriented will have the most success attracting tenants. The repositioning of aging properties in transit-oriented locations has become a salient trend in the suburbs, as speculative new-build is unlikely in the near term due to ample vacancies and high construction costs. The addition of amenities such as gyms, food service, conference space, game rooms, and outdoor space has taken hold as a way to make use of unproductive space and add value to aging office properties.

Another notable trend is the "urban outpost" model, by which traditionally suburban tenants have multiple locations in order to retain their existing suburban-oriented workforce while simultaneously accessing downtown talent.

Figure 1: Office Space Inventory and Vacancy, City of Newton



Data Source: JLL

Newton Office Space Inventory

The commercial office space inventory in Newton has remained relatively flat over the past four years, dipping slightly from 3.2 million square feet in 2014 Q1 to 3.1 million square feet to 2017 Q4. Meanwhile, office vacancies have risen considerably from 8.5% to 15.2%. Note, however, that the newly renovated and delivered 2 Wells Avenue building accounts for 102,000 square feet of the vacant space. Excluding this building, the vacancy rate in Newton is 12.4%. Vacancy trends over the past several years are shown in Figure 1.

Newton is part of the Route 128/Mass Pike submarket, as tracked by commercial brokerages. According to JLL, office inventory in the city represents about 15% of all submarket space, and Newton's vacancy rate is on par with that of the submarket as a whole, about 15.0%. This compares to 17.8% in the Boston suburbs overall, 8.9% in central Boston, and 5.7% in Cambridge.

Vacancy rates for Class A are higher in Newton than for space overall, at 17.0% (excluding 2 Wells Ave). Class A vacancy rates are also higher in many of the comparison markets, though Newton has the highest spread in vacancy between Class A and Class B/C properties. Class A space also comprises a significantly lower share of all office space in Newton as compared to other markets. Only a third of office space in Newton is considered Class A by commercial brokerages, compared to 61% in the metro overall, and 63% in both the Rt. 128/Mass Pike submarket and Boston suburbs overall.

Rents in Newton and Rt. 128/Mass Pike submarket are about average when considering the Boston metro as a whole. Class A rents in Newton are around $38 per square foot, considerably higher than more distant submarkets along I-495 where rents are just over $20 per square foot, but considerably lower than rents in central Boston and Cambridge where average rents are upwards of $60 per square foot.

Table 2: Office Statistics, 2017 Q4

Office Statistics, 2017 Q4						
Market	Class A Space			All Classes of Space		
	Inventory (SF)	Vacancy Rate	Rent per SF	Inventory (SF)	Vacancy Rate	Rent per SF
Newton*	1,063,631	*17.0%*	$ 38.24	3,124,724	*12.4%*	$ 34.07
Rt. 128/Mass Pike Submarket	13,201,608	16.5%	$ 40.19	20,793,230	15.0%	$ 37.68
All Boston Suburbs	57,212,727	17.6%	$ 28.71	90,979,957	17.8%	$ 25.59
Central Boston	37,955,708	9.5%	$ 61.06	66,370,589	8.9%	$ 57.68
Cambridge	7,544,118	6.3%	$ 69.44	10,107,067	5.7%	$ 63.60
Boston Metro	102,712,553	13.8%	$ 40.11	167,457,613	13.6%	$ 36.44

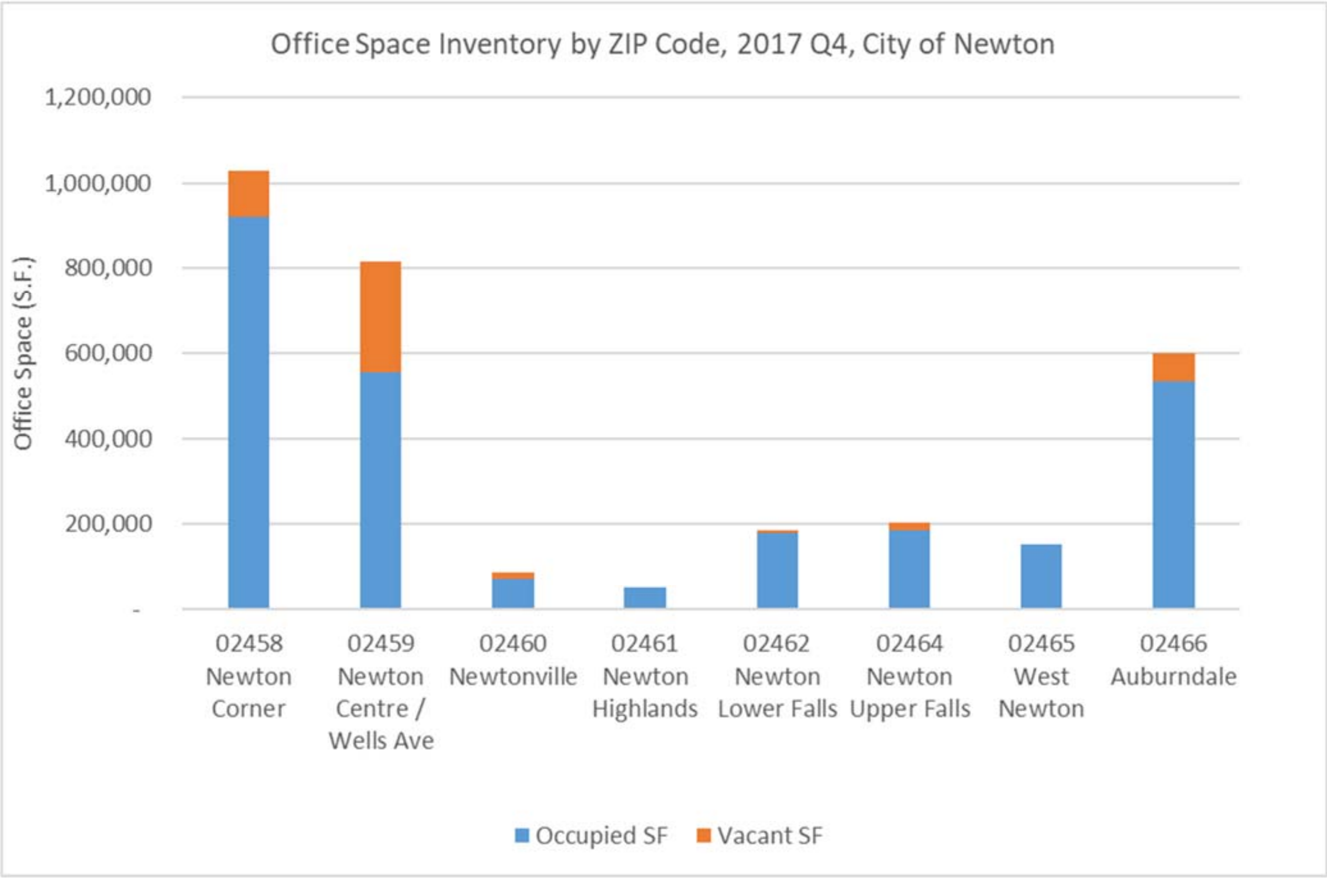
*Vacancy rates adjusted to exclude 2 Wells Avenue. Including 2 Wells Ave, Class A office vacancy rate is 23.1% and overall office vacancy is 15.2%.

Note: Vacancy rate includes both direct and indirect vacancies. Rents reflect direct asking rents.

Source: JLL

Newton's 3.1 million+ square feet of office space is concentrated in three ZIP codes: 02458 (Newton Corner) with 33% of all space, 02459 (Newton Centre/Wells Ave) with 26%, and 02466 (Auburndale) with 19%. See Figure 2 for the distribution of the city's office space by ZIP code.

Figure 2: Office Space Inventory by ZIP Code



Rt. 128/Mass Pike Submarket Development Pipeline

Within the Rt. 128/Mass Pike submarket,[1] major recent deliveries include 89 A Street in Needham Crossing, which has been fully leased to Shark Ninja and Steward Health. Bose has leased 100,000 square feet of space at 80 Guest Street, part of the Boston Landing development in Boston's Allston/Brighton neighborhood featuring nearly 2 million square feet of mixed-use development, a state-of-the-art practice facility for the Boston Bruins, and a new commuter rail station providing access to South Station in downtown Boston. Other developments include POST, a 430,000-square-foot development at the Rt.128/Rt. 2 in Waltham, expected to attract a variety of innovation companies. Needham has recently approved a tax break allowing NBCUniversal to build a new regional headquarters in Needham Crossing.

[1] The Rt. 128/Mass Pike submarket is defined to include the following communities: Newton, Watertown, Waltham, Weston, Wellesley, Needham, Brookline, and Allston/Brighton (part of the City of Boston).

Office Space Demand Projection

To estimate future demand for office space in Newton, we analyzed job projections data for the City of Newton, the Rt. 128/Mass Pike submarket, and the Boston MSA. Table 3 shows the projected increase in employment by industry sector over the next ten years (2017-2027), with sectors that typically utilize office space highlighted in orange.[2] Collectively, office-utilizing industries in Newton are expected to add about 1,600 jobs, growing slightly slower than the economy overall. According to these projections, Newton will account for a growing share of office jobs of the Rt. 128/Mass Pike submarket, with 30% of the 5,300 new submarket office jobs expected to be located in Newton. Currently, Newton represents about 22% of office jobs in the submarket. The Boston MSA as a whole will add nearly 65,000 office jobs by 2027, of which Newton will account for about 2.5%, consistent with the city's current share of office jobs in the region.

Table 3: Projected Employment Growth in Office-Utilizing Industries, Newton

Projected Employment Growth in Office-Utilizing Industries, Newton					
NAICS	Description	2017 Jobs	2027 Jobs	2017 - 2027 Change	2017 - 2027 % Change
11	Agriculture, Forestry, Fishing and Hunting	68	82	14	21%
21	Mining, Quarrying, and Oil and Gas Extraction	<10	<10	Insf. Data	Insf. Data
22	Utilities	0	0	0	0%
23	Construction	1,536	1,795	259	17%
31	Manufacturing	457	420	(37)	(8%)
42	Wholesale Trade	1,316	930	(386)	(29%)
44	Retail Trade	5,347	5,159	(188)	(4%)
48	Transportation and Warehousing	600	755	155	26%
51	Information	2,335	2,382	47	2%
52	Finance and Insurance	2,387	2,313	(74)	(3%)
53	Real Estate and Rental and Leasing	2,821	3,148	327	12%
54	Professional, Scientific, and Technical Services	7,008	7,739	731	10%
55	Management of Companies and Enterprises	740	774	34	5%
56	Administrative and Support and Waste Management and Remediation Services	4,535	4,685	150	3%
61	Educational Services	21,350	23,345	1,995	9%
62	Health Care and Social Assistance	13,062	15,974	2,912	22%
71	Arts, Entertainment, and Recreation	3,412	3,826	414	12%
72	Accommodation and Food Services	3,678	3,924	246	7%
81	Other Services (except Public Administration)	3,849	4,417	568	15%
90	Government	4,997	5,138	141	3%
99	Unclassified Industry	0	0	0	0%
	Total for Office-Utilizing Industries	25,852	27,448	1,596	6%
	Total	79,506	86,816	7,310	9%

Source: EMSI, Camoin Associates

[2] This analysis defines office-utilizing sectors to include: Information; Finance and Insurance; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; Administrative and Support; Other Services; and Government. Medical office space users, which are considered in the analysis of medical office building demand, are excluded. Educational Services, which occupy office space in part, are also excluded.

Assuming 175 rentable square feet of office space per job,[3] about 280,000 square feet of office space will be required in Newton to accommodate future office jobs. In the Rt. 128/Mass Pike as a whole, about 924,000 SF will be needed and in the Boston MSA, 11.3 million SF.

Table 4: Projected Office Space Demand, 2107-2027

Projected Office Space Demand, 2017-2017							
Region	2017 Total Jobs	Share of MSA Jobs	2017 Office Jobs	Share of MSA Office Jobs	Projected Office Job Growth, 2017-2027	Share of Projected MSA Office Job Growth	New Office Space Demand* (SF)
Newton	79,506	2.7%	25,852	2.2%	1,596	2.5%	279,328
Rt. 128/Mass Pike Submarket	294,753	10.1%	119,849	10.0%	5,279	8.2%	923,770
Boston MSA	2,905,879	100.0%	1,199,385	100.0%	64,718	100.0%	11,325,606

*Assumes 175 SF of space per office job

Source: EMSI, Camoin Associates

While regional and local job growth will be strong, the glut of office space in the region means that even if no new office space is built, there would still be substantial office vacancies. In Newton, new office-utilizing jobs would fill about 60% of existing vacant space, leaving another 200,000 SF still vacant. In the submarket, only 40% of existing vacancies could be absorbed by projected job growth. See Table 5.

Table 5: Future Supply and Demand of Office Space

Future Supply and Demand of Office Space (SF)			
Region	New Office Space Demand (2027)	Existing Vacant Office Space (2017)	Remaining Vacant Office Space in 2027*
Newton	279,328	476,420	197,092
Rt. 128/Mass Pike Submarket	923,770	2,178,265	1,254,496
Boston MSA	11,325,606	14,174,332	2,848,726

*Assumes no construction of new office space

Source: EMSI, JLL, Camoin Associates

This analysis, of course, assumes that existing space will meet the needs of future office users, and is not to say that no new office space will be developed in Newton. In particular, potential large space users will find it challenging to locate acceptable existing space in the city, requiring new-build projects. In addition, dated and obsolete space may be removed from the city's office inventory, prompting the construction of space to satisfy some level of replacement demand. However, on a macro level, the abundance of vacant space in the market will mean that property owners will need to invest in their existing properties, undertaking renovations and adding amenities, in order to compete for a limited number of new tenants.

[3] A 2010 report from the U.S. General Services Administration, "Workspace Utilization and Allocation Benchmark," found average rentable office space per employee to be 230 square feet. As a result of efforts to implement more efficient design standards, the typical office standard has declined from around 250 square feet per workstation in the early 2000s to around 190 square feet or less. In addition, a trend toward less personal workspace in favor of larger group space, as well as an increase in teleworking will likely contribute to continued declines in office space per employee. This analysis conservatively assumes 175 square feet per job.

Sites with Office Development Potential

A significant challenge for office space development in Newton is the lack of Class A sites within the city. While the city is physically proximate to downtown Boston, Rt. 128, and the Mass Pike, there are few sites with direct access to transportation infrastructure that Class A tenants require. For example, while much of Needham Street and Wells Avenue Business Park—together comprising the Newton portion of the N^2 Innovation District—are less than a mile from Rt. 128 onramps and offramps, developers perceive these locations as inferior to the Needham Crossing area, which is directly adjacent to the highway. Moreover, congestion along Needham Street and the traffic bottleneck at the entrance to Wells Avenue work against the desirability of these locations.

The quirky path of Newton's western municipal boundary along the Charles River means that many prime sites with direct access to Rt. 128 fall just outside the city limits in neighboring Needham, Wellesley, or Weston. An exception is the Exit 21/22 interchange area where Rt. 128 crosses Washington Street (Rt. 16) and Grove Street. In particular, the Riverside T station site was identified as a key opportunity property for Class A office development given its accessibility via both automobile and public transit.

Certain areas along Washington Street, including Newton Corner, Newtonville, and West Newton may have some Class A office potential, but are limited by a number of factors. Full direct access via the Mass Pike is present only at highly congested Newton Corner. West Newton is only directly accessible via a partial interchange to/from the east. Commuter rail access should be stressed as an important asset along this corridor, though infrequent service limits its usefulness. In addition, parking along Washington Street is very limited and parcels are highly fragmented, making lot assembly for a sizable project limited.

Nonantum stands out as a potential opportunity area and has existing office development comprising the Charles River Mill District. Further redevelopment of industrial properties is possible in this area, which is proximate to restaurants and other amenities on Watertown Street and in Watertown Square in neighboring Watertown, as well as the Charles River Greenway trail. However, a lack of direct public transit and Mass Pike access are limiting factors to Nonantum's development potential as a Class A office location.

Route 9 also presents some level of office development opportunity, particularly along the stretch with transit access (Newton Highlands and Eliot T stops) and the Chestnut Hill retail area, which offers amenities for office workers that can potentially be integrated. While Route 9 is a major thoroughfare, these sites are likely too far from interstate access for significant Class A development. Moreover, assembling sizeable lots will be a significant challenge all along Route 9. Still, there is likely some potential for small- to mid-scale infill commercial development.

LAB

Greater Boston has the highest concentration of life science researchers in the US. Kendall Square and MIT in Cambridge are the epicenter of life science research activity in the region, and supply of lab space is extremely constrained, with rents surpassing $75 per square foot. As a result, lab space development has been spilling out of the Kendall Square area into West Cambridge, Boston's Seaport District, and Longwood Medical Area. Outside of the urban core, inner-ring suburbs are becoming increasingly attractive as a "release valve" for more lab space. Bedford, Lexington, Waltham, and Watertown have also seen significant lab space development, with rents in these communities averaging $43 per square foot. The suburban development pipeline is growing, fueling the evolution of a suburban cluster of life science companies. Unlike in the office market, extremely constrained supply in the lab market has spurred speculative suburban development projects.[4]

There is currently no significant lab space in Newton as tracked by commercial brokerages, a fact confirmed by interviews with lab space developers. Newton is not "front of mind" when it comes to suburban lab space development chiefly because there is no existing cluster of major lab space users in the city. Lab tenants tend to want to locate near other lab space users for both practical and psychological reasons. Not only do they want to be around similar companies in an area that is perceived as a hub for life sciences activity, but the ability to expand into nearby space or sublet unneeded space minimizes risk. Being the only life sciences company in a given location is not optimal for most. While the suburbs to the north of Newton along Rt. 128 are increasingly perceived as a bioscience node, this activity has yet to spread southward.

From purely a locational perspective, Newton could be a viable place for lab space given its proximity to both Cambridge and the Rt. 128 suburbs with existing space. In addition, Boston College is currently undertaking construction of the new Schiller Institute for Integrated Science and Society, which will include laboratory and office space and may present an opportunity for synergies with other lab users. However, the nature of Newton's building stock and limited developable sites presents challenges for any developer interested in creating a sizeable lab node in the city. A minimum of 100,000 SF of lab space would be needed to anchor a potential node, with sites available nearby for additional future development.

In terms of building requirements, lab space requires stronger floor loading relative to office (100 pounds per square foot compared to 70 for office), 13.5- to 14-foot ceilings to run duct work, ventilation with a high air-change rate, good power distribution, and access to wastewater treatment infrastructure. In lab buildings, lower-story space is more valuable as regulations allow for fewer chemicals to be stored on higher stories. Single-story manufacturing buildings tend to be prime candidates for conversion to lab space as they already have or can be retrofitted to have these features.

A potential lab developer in Newton would need to know that the approvals process will be predictable and not overly onerous. Cambridge, Lexington, and Watertown were mentioned in interviews as municipalities with straightforward and predictable processes, and they have seen significant lab space development activity as a result. Designating certain area(s) in Newton where lab space development is permitted by right or with minimal effort would communicate to prospective developers that undertaking a lab project would be welcomed. The most desirable locations for lab space in Newton are similar to prime office space locations: sizable sites that can accommodate substantial development footprints and that offer good access to Rt. 128, the Mass Pike, and public transit.

[4] JLL. Boston Life Sciences Outlook 2017.

Medical Office

Despite uncertainty in the healthcare industry with the continued speculation around the future of the Affordable Care Act (ACA), nationally the aging population and increasing number of people that are insured are driving an increase in demand. In response, the healthcare industry continues to grow and medical office building (MOB) vacancy rates have fallen. These trends are mirrored locally, where medical office space shows strong potential.

Medical office buildings are trending towards flexible space (flex space) and multi-specialty offices. This allows for the incorporation of a range of medical technology and equipment used in procedures and appointments. Additionally, the amount of technological equipment being used in procedures and appointments has been increasing, further adding to the demand for efficient space. Flex space allows for adaptability as technology changes or the needs of patients change.

Across the Boston region, medical office space vacancies are considerably lower than those of general office space, 6.1%[5] versus 13.6%. Average gross rents are also lower at $25 per square foot versus $35 per square foot, as general office users are typically willing to pay for more prime locations. MOB rent growth in the Boston metro, however, topped 17% between 2017 to 2018 indicating strong demand and constrained supply. Low MOB vacancy, high rent growth, and favorable demographic trends point to opportunities for medical office space development into the future.

Medical Office Space Demand Projection

An examination of regional employment trends in ambulatory care and outpatient services suggests demand for over 5 million SF of new medical office space in the Boston metro by 2027, of which roughly 233,000 SF would be needed in Newton. (Refer to Table 6.) The pace of job growth in ambulatory health in expected to far exceed that of the economy overall, 24% for ambulatory health versus 9% economy wide. This translates into accelerating demand for suitable medical office space.

Table 6: Projected Demand for Medical Office Space

Projected Demand for Medical Office Space					
Region	Ambulatory Health Care Jobs*				New Medical Office Space Demand** (SF)
	2017	2027	2017-2027 Change	2017-2027 % Change	
Newton	3,847	4,780	933	24%	233,250
Rt. 128/Mass Pike Submarket	11,524	13,804	2,280	20%	570,000
Boston MSA	105,834	126,258	20,424	19%	5,106,000

*NAICS 621, excluding Home Health Care Services
**Assumes 250 SF per job
Source: EMSI, Camoin Associates

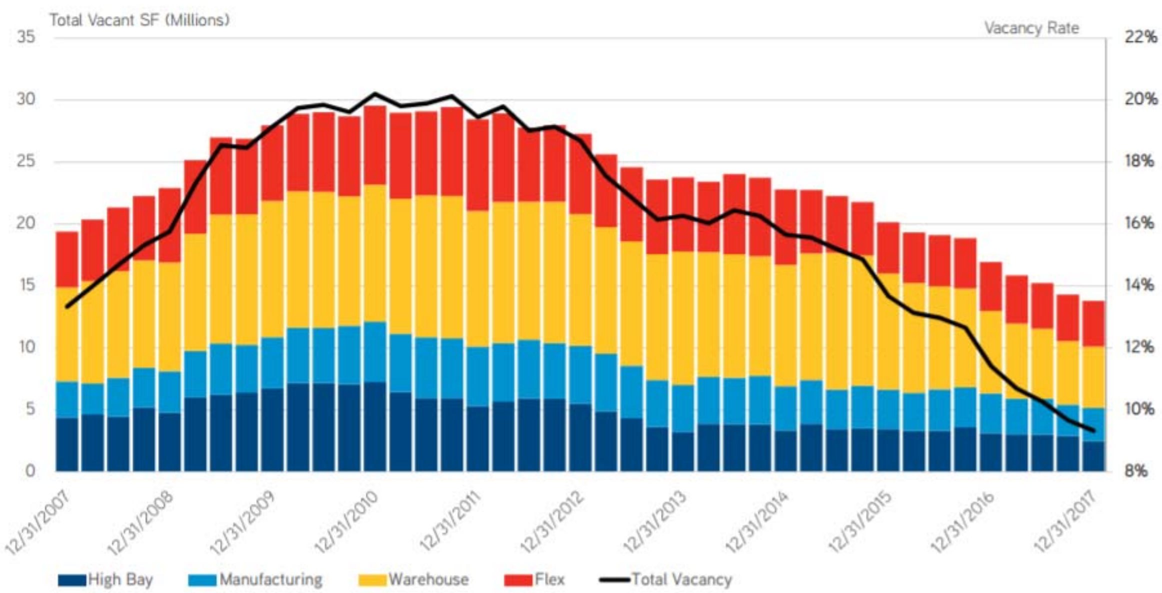
[5] 2018 Healthcare Marketplace. U.S. Research Report. Colliers.

INDUSTRIAL

The Boston industrial market remains on a hot streak, with absorption of nearly three million square feet of space in 2017 and downward trending vacancies. According to Colliers, market-wide industrial vacancy stands at 9.3%, down 2.1 percentage points year-over-year. As a result, rents are rising rapidly, surpassing $7.00 (NNN) on average for the first time, a 13.9% increase over last year. While the development pipeline is significant, developers have shown restraint when it comes to spec construction, suggesting stable fundamentals into the future.[6]

Of the industrial product types (flex, manufacturing, warehouse/distribution), the latter has performed the best; the majority of industrial leases signed in Q4 2017 were for warehouse and distribution space. Positive absorption in this category more than compensated for slight negative absorption in the other industrial product types. According to JLL, heightened market activity in warehousing/distribution aligns with trends seen nationally as demand for last-mile distribution continues to rise, particularly in urban areas.[7] Last-mile distribution refers to the capacity to deliver products ordered online to consumers' homes.

Figure 3: Vacancy by Space Type, Boston Metro, Q4 2017



Source: Colliers International

Newton has a small amount of commercially tracked industrial space, about 200,000 square feet, all of which is Class B and C space located in the Newton Corner/Nonantum area.[8] This space accounts for just 6% of industrial space in the Rt. 128/Mass Pike submarket, compared to the city's 15% share of submarket office space. Despite the strength of the industrial market regionally, opportunities for industrial space development in Newton are limited due to land availability constraints, as well as high land costs that do not justify comparatively low-value types of development.

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[6] Colliers International. Greater Boston Industrial Viewpoint Q4 2017.
[7] JLL. Boston Industrial Insight. Q4 2017.
[8] Data provided by JLL

Retail

As online shopping volume continues to grow, retail disruption is happening quickly. Increasingly, virtual and physical presence are finding synergy rather than competition, and one of the major themes of 2017 was the rapid convergence of online and brick and mortar sales. A number of formerly online-only retailers are starting to see that a brick and mortar presence can be an integral part of their omni-channel and consumer experience.[9]

In order to maximize the benefits of this model, retailers have been working to reposition stores, close unproductive units and improve their mobile apps so that people can shop from their phones anywhere—even in the store itself. The omni-channel approach is also causing some retailers to rethink their footprint and number of locations in areas where the real estate is expensive. Many of these companies are choosing to have a single well-located store. Encouraging customers to shop online also means that retailers can keep less on-site storage, further reducing their footprints.

The move towards experiential retail has had the most influence on a reimagined tenant mix. The sectors that have seen the most growth in recent quarters are fitness, food, entertainment, and service. Gyms were historically viewed as undesirable users, to the point where many leases prohibited them, along with tenants like adult shops and gambling halls. However, the big box gym has now come to be seen as a desirable anchor that can drive traffic in non-peak hours and provide landlords with recognizable brand-name tenants with solid business models. The success of traditional big box gyms has spawned an explosion in recent years of boutique fitness studios. Yoga, Pilates, and spin studios were the trailblazers of this segments, while newcomers include dance workouts, personalized group training, and boxing.

Entertainment concepts are also backfilling a lot of second-generation box retail, after overcoming similar resistance as the fitness sector. Growth and evolution of traditional uses are also being seen here. Those properties with clear heights of at least 17' are ideal for trampoline parks, and tenants like Sky Zone, Launch, and Altitude have taken spaces anywhere from 20,000 to 40,000 square feet. Round1 features specialty arcade games, bowling, ping pong, and karaoke, and specialized concepts like axe-throwing, Top Golf, glow-in-the-dark mini golf and bowling, and indoor "micro" amusement parks have also been looking to grow their footprints in Massachusetts.

Much of the retail development currently in the pipeline in the Boston suburbs is planned as part of mixed-use development. Notable examples include grocery-anchored projects with high-end apartments or townhouses like the Merc in Waltham. Traditional enclosed malls are continuing to struggle, as consumers make their preferences for these mixed-use centers known. While the retail sector disruption remains ongoing, it does not necessarily mean death; it means evolution.

The core retail markets inside and along Route 128 have seen record-setting rents as of late, and are expected to remain steady. In this area, average rents of $50-$55 per square foot NNN[10] for small shop space and $25-$30 per square foot NNN for larger spaces are common. For every operator that comes into this area aggressively but cannot sustain sales sufficient to cover high rents, there are strong tenants ready to backfill that space. Recent successful retail developments in Newton include The Street Chestnut Hill and Newton Nexus.

In non-core markets where tenant demand has cooled, there will be a continued effort by landlords, developers, and lenders to reposition and repurpose assets. Dated, lower quality, and less desirable properties will need to transition from traditional retail to a focus on experiential categories like fitness, food, and entertainment.

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[9] CBRE/New England 2018 Market Outlook

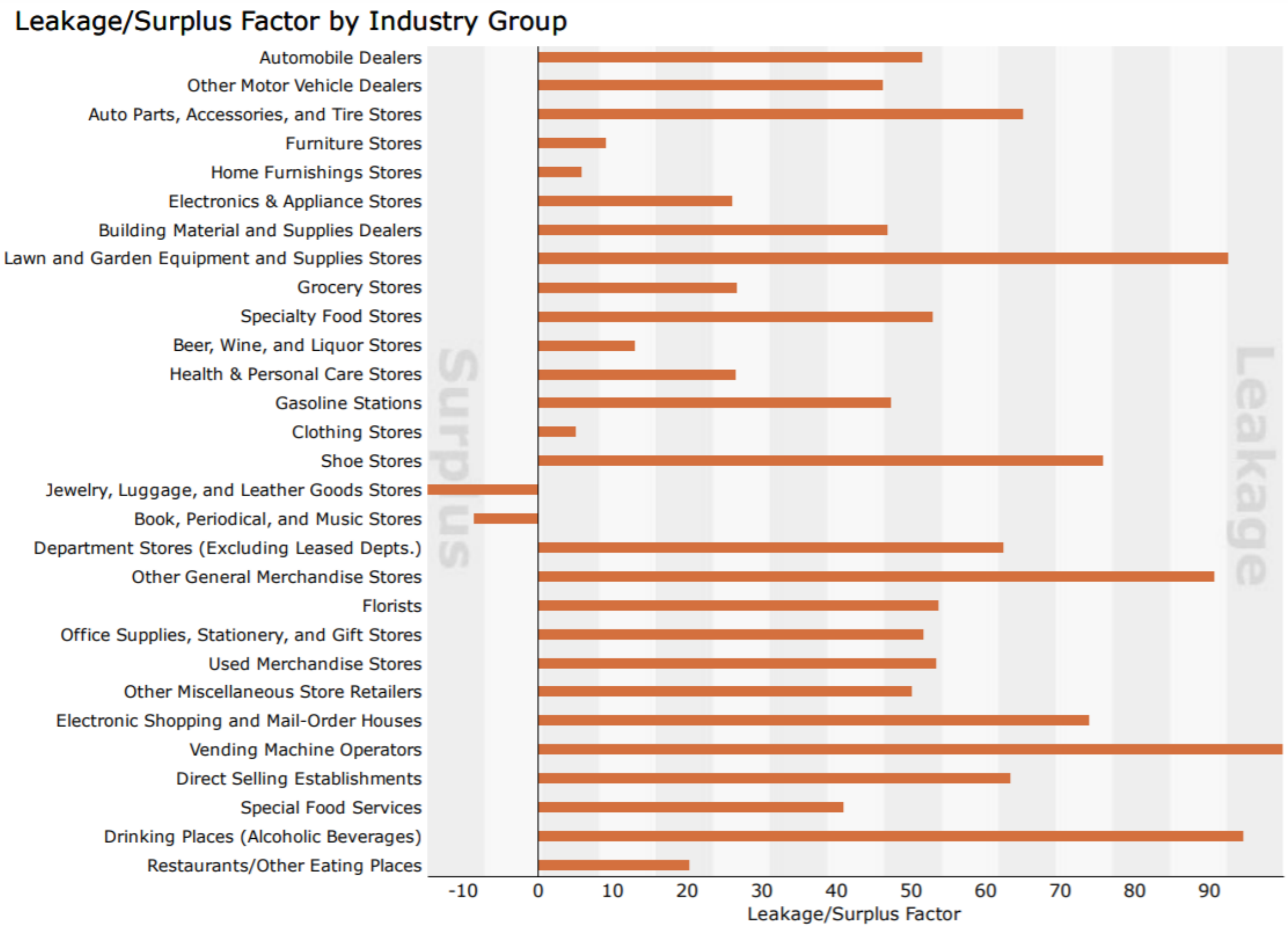
[10] NNN, or "triple net," refers to a lease arrangement where the tenant is responsible for property taxes, maintenance, and insurance expenses, beyond the base rent amount

Retail Gap & Potential Analysis

In a retail gap analysis, the existing retail sales ("supply") of trade area businesses are compared to the estimated retail spending of trade area residents ("demand"). For this analysis, the trade area is defined as the City of Newton. The difference between demand and supply is referred to as the retail gap. The retail gap can be positive or negative. Note that existing retail sales are specific to the defined trade area whereas retail spending is an estimate of gross spending by residents living in the trade area regardless of where the retail spending occurs.

When the demand (spending by trade area residents) for goods and services is greater than sales at trade area businesses, sales are said to "leak out" of the trade area creating a positive retail gap (i.e. sales leakage). Conversely, if the supply of goods sold (local trade area sales) exceeds trade area demand (spending by trade area residents), it is assumed that non-residents are coming into the trade area and spending money, creating a negative retail gap (i.e. sales surplus). Figure 4 illustrates the leakage and surplus factor by retail category for the city.[11] Almost every category shows sales leakage. This means that Newton residents are leaving the city to make many of their retail purchases.

Figure 4: Retail Leakage/Surplus Factor by Retail Category, City of Newton



Source: Esri

[11] The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Sales leakage and sales surplus carry different implications. In many cases, sales leakage presents an opportunity to capture unmet demand in a trade area since a percentage of residential spending occurs outside the trade area. This demand can be met within the trade area by opening new businesses or expanding existing businesses within retail sectors that show sales leakage. However, not all retail categories that exhibit sales leakage within a particular trade area are a good fit for the region.

A sales surplus might exist for several reasons. For example, the region might be a popular shopping destination for tourists and other out-of-towners, or a cluster of competing businesses offering a similar product or service may be located within the trade area, creating a specialty cluster that draws in spending by households from outside the trade area. Alternatively, a sales surplus could be an indicator of market saturation.

Sales leakage of retail categories in Newton was compared to average sales of similar business in the Boston MSA. This allows us to identify which industries with sales leakage may have enough unmet demand to warrant opening a new store or expanding existing stores. Additionally, the amount of supportable square foot is provided based on average sales per square foot for each retail category.

Table 7 identifies the number of new businesses that theoretically, could be supported in Newton assuming:

1. 10% of the sales leakage is recaptured (this is typical among various retail categories), and
2. New businesses have sales comparable to the average sales of all Boston MSA businesses in the same retail category.

Table 7: Supportable Retail, City of Newton

Supportable Retail, City of Newton							
A	B	C	D	E	F	G	H
NAICS	Retail Category	Retail Gap	10% Leakage Recapture	Average Sales per Business	Supportable Businesses (D / E)	Average Sales per SF	Supportable SF (D / G)
7225	Restaurants/Other Eating Places	$ 83,449,535	$ 8,344,954	$ 746,006	11	$ 350	23,843
4451	Grocery Stores	$ 161,505,222	$ 16,150,522	$ 4,707,055	3	$ 500	32,301
4441	Bldg Material & Supplies Dealers	$ 93,157,657	$ 9,315,766	$ 3,092,156	3	$ 350	26,616
4539	Other Miscellaneous Store Retailers	$ 31,093,473	$ 3,109,347	$ 845,926	3	$ 300	10,364
4461	Health & Personal Care Stores	$ 63,062,722	$ 6,306,272	$ 2,991,827	2	$ 400	15,766
4529	Other General Merchandise Stores	$ 78,144,980	$ 7,814,498	$ 3,628,365	2	$ 500	15,629
4511	Sporting Goods & Hobby Stores	$ 29,405,729	$ 2,940,573	$ 1,418,317	2	$ 250	11,762
4413	Auto Parts, Accessories & Tire Stores	$ 29,597,557	$ 2,959,756	$ 1,003,741	2	$ 300	9,866
4532	Office Supplies, Stationery & Gift Stores	$ 21,554,300	$ 2,155,430	$ 1,024,969	2	$ 300	7,185
4521	Department Stores	$ 161,061,631	$ 16,106,163	$ 15,157,405	1	$ 250	64,425
4431	Electronics & Appliance Stores	$ 42,772,212	$ 4,277,221	$ 2,147,270	1	$ 500	8,554
4482	Shoe Stores	$ 18,297,880	$ 1,829,788	$ 1,376,101	1	$ 300	6,099
7224	Drinking Places - Alcoholic Beverages	$ 14,855,317	$ 1,485,532	$ 891,610	1	$ 250	5,942
4442	Lawn & Garden Equip & Supply Stores	$ 11,912,228	$ 1,191,223	$ 730,531	1	$ 250	4,765
4452	Specialty Food Stores	$ 11,675,260	$ 1,167,526	$ 823,975	1	$ 350	3,336
4531	Florists	$ 5,989,460	$ 598,946	$ 316,614	1	$ 200	2,995
4533	Used Merchandise Stores	$ 5,428,955	$ 542,896	$ 297,355	1	$ 200	2,714
	Total				38		252,163

Source: Esri, Camoin Associates

The retail gap analysis shows that a substantial amount of retail spending is "leaking" out of Newton, with some degree of leakage in almost every retail category. Assuming 10% retail leakage recapture, upwards of 250,000 square feet of net new retail could be supported in the city. In particular, department stores and grocery stores stand out in terms of supportable square feet. In addition, at least 11 new restaurants could be supported.

Retail Space Affordability

Newton is undoubtedly a desirable destination for retailers due to its relatively high population density and very high disposable incomes. This attractiveness, however, comes with its challenges. Strong retail demand in Newton has put upward pressure on rents, making it difficult for small mom-and-pop shops to stay in the city. Retail rents that easily top $30 or $35 per square foot NNN[12] are often unaffordable to smaller retailers who do not have the sales volume to cover space costs. Interviews with local shop owners revealed mounting concerns about a potential exodus of these stores to more affordable communities, and the impacts of these relocations on the character of Newton and its villages.

HOTEL

Consumer preferences within the hotel industry are expanding from traditional hotels that merely offer a place to rest your head at night to establishments that aid travelers in developing experiences. Some of this change is attributed to the influx of millennials who, in comparison to previous population cohorts, such as baby boomers or Gen X, travel more and are more passionate about travel. They value communal spaces, digital connectivity and local design touches to broaden their travel experience.

The retail industry has capitalized on hotels with major retailers opening up branded hotels rich in experiences. This trend began over a decade ago when high-end fashion designers merged with hotels to create a completely shoppable hotels where hotel furnishings and décor are all available for purchase. Currently the high-end fashion hotel market includes rooms created by designers such as Versace, Fendi, Tommy Hilfiger, etc. in which customers can experience all senses of the brand in the highly curated spaces.

Williams-Sonoma plans to open branded hotels starting in late 2018 in Charlotte, North Carolina; Detroit, Michigan; Indianapolis, Indiana; Oakland, California; Minneapolis, Minnesota; Savannah, Georgia; and Portland, Maine. This expansion from home retailer to hotel curator allows the brand to connect with customers during out-of-town visits.[13] West Elm, a Williams-Sonoma brand, aims to create hotels that reflect the mood of its host city while combining an opportunity for customers to interact with West Elm products in an intimate, non-manufactured setting.

Additionally, the hospitality industry has embraced the sharing economy through house sharing. Companies such as AirBnB, allow customers to gain access to entire homes, lofts, and even boats. These accommodations offer a local experience unparalleled to that of a traditional hotel and can sometimes be a fraction of the cost. Despite the increase in supply of accommodations due to house sharing and boutique hotels, the hotel market remains strong.

When perusing accommodations, hotel customers may choose one establishment over another based on available features and amenities. Connectivity is considered a highly sought after amenity, both in terms of shared space and technology. Guests want fast and free Wi-Fi along with charging ports in common areas. Hotels are incorporating communal spaces where both guests and residents can be brought together in a collective setting. In terms of business traveler connectivity, typically larger properties are associated with amenities such as conference rooms and event spaces giving large hotel corporations a competitive advantage in the business traveler market.

Other sought-after amenities include spas, restaurants, and bars. The latest hotel trends suggest there is a movement towards luxury amenities such as in-room purifiers, branded amenity products as well as music and

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[12] Based on LoopNet property listings
[13] http://www.retaildive.com/news/are-hotels-the-new-frontier-in-experiential-retail/505878/

entertainment. Additionally, there has been a shift towards sustainability within hotels with features such as high efficiency lighting, energy management sensors, and towel/linen reuse programs.[14]

Location of hotel and motel establishments is driven by an area's attractions. Guests want to be where the action is, in close proximity, and ideally within walking distance of restaurants, shopping, and other recreational amenities. The industry also targets locations with emerging millennial populations as a signal of popular destination locations. In general, accessibility through robust transportation infrastructure as well as close proximity to employment centers, universities, and other visitor attractions is critical to success.

Greater Boston Hotel Trends

The Greater Boston hotel market has been historically strong, bolstered by strong business and leisure segments. In the Boston suburbs, demand has increased steadily since 2009 despite a slight dip in 2016. However, growth in supply continues to outpace demand, indicating the need for additional rooms will be limited over the short term.

New supply in the Newton area includes three hotels recently completed or under development in Waltham: a 138-room Hampton Inn, a 100-room Residence Inn, and a 90-room Fairfield Inn. Other nearby developments include a Residence Inn and a boutique-style Archer Hotel in Burlington, and a Courtyard Marriott in Westwood. Three major hotels currently exist in Newton, comprising 891 rooms:

- Hotel Indigo Boston–Newton Riverside – 191 rooms
- Boston Marriott Newton – 430 rooms
- Crowne Plaza Boston–Newton – 270 rooms

According to projections from Pinnacle Advisory Group, occupancy and revenue per annual room (RevPAR) in the Boston suburbs will decline slightly through 2018 despite an increase in average daily rates (ADR).[15] See Table 8.

Table 8: Suburban Boston Hotel Performance Projections

Suburban Boston Hotel Performance Projections			
	2017	2018	Pct. Change
Occupancy	68.50%	67.00%	-2.2%
Average Daily Rate (ADR)	$ 140.50	$ 142.50	1.4%
Revenue per Available Room (RevPAR)	$ 96.24	$ 95.48	-0.8%

Source: Pinnacle Advisory Group

Sluggish office and lab space development in Newton compared to nearby suburbs will likely translate to somewhat flat demand for hotel rooms in the city over the short term, and therefore limited demand for any sizeable hotel development. However, the niche boutique hotel market may present opportunities if a substantially differentiated product can be offered that responds to trends in consumer preferences.

[14] American Hotel & Lodging Association
[15] 2018 Hotel Outlook. Pinnacle Advisory Group.

Residential

The City of Newton recently commissioned a Housing Needs Analysis that lays out strategies for addressing the city's current and projected housing needs. Key findings as presented in the Housing Needs Analysis include the following:[16]

- Newton's population is aging, and seniors will be a key driver of housing demand into the future.
- Newton is particularly attractive to families with school-age children, especially older-parent families, who seek to take advantage of the city's high-quality school system.
- The young adult population in the city, those between 25 and 45, has declined, and has done so at a faster rate than in the surrounding region.
- Housing diversity is limited, with multifamily units accounting for only 8% of the total housing stock.
- Approximately 31% of all new housing development since 2005 has been multifamily units, but this has not made a significant dent in the overall housing type and price mix.
- The relatively low level of development activity is not having a substantial impact on the variety of housing types or prices in the city. All new development since 2005 that was not accomplished through a public-private partnership has focused exclusively on the high-end market (200% of area median income and up).
- The Housing Needs Analysis cites a projection from MAPC of 1,900 new households in Newton between 2010 and 2030, based on a status quo population scenario. Between 2010 and 2017 the City gained approximately 1,100 households. This status quo scenario assumes the continuation of current rates of birth, death, migration, and housing occupancy.

The findings of the analysis point to an urgent need for significant multifamily housing construction in the city that can help to increase supply and stabilize soaring prices. Moreover, development of affordable multifamily housing is critical for general economic development within the city. As revealed in interviews with a variety of stakeholders, in order to successfully attract and retain large employers, the city will require a housing stock that is accessible to a diverse workforce, in terms of both age and income. Employers want access to talent, and if the talent cannot afford to live in Newton, business attraction efforts will continue to be hampered.

[16] Housing Needs Analysis and Strategic Recommendations - City of Newton, Massachusetts. RKG Associates, Inc. June 2016.

#408-18

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ECONOMIC DEVELOPMENT

Attachment 4: City Capacity Analysis

#408-18

Appendix: 4
City Capacity Analysis

ECONOMIC DEVELOPMENT STRATEGY
CITY OF NEWTON, MASSACHUSETTS

April 2018

Prepared for:

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About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in over twenty states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, Brattleboro, VT, and Richmond VA. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

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Introduction

As part of the economic development strategy being prepared for the City of Newton, a review of the city's capacity related to economic development was conducted. This includes both city processes and development review, transportation infrastructure, water and sewer infrastructure, and the city's marketing and economic development capacity. The information gathered from this assessment will inform the development of targeted strategies and tasks that will build off of the existing capacity and mitigate any related challenges.

Planning and Development Review Process Assessment

A major factor in any community being attractive to new businesses and developers is the ability to offer a predictable and efficient permitting process. Permitting processes and site plan review requirements are in place to protect property value, the environment, and neighboring parcels and they ensure that development is in line with community values. However, there are often ways that process and procedural issues can unintentionally hinder development. To gain insights into the permitting process, interviews were conducted with representatives from the City's Planning Department. Some of the major findings of this interview as well as discussions with others familiar with the process are outlined below:

- The Planning Department estimates the process can take as little as four months for minor projects. Larger projects with respect to size, scale, and/or density can take longer including multiple presentations to the Land Use Committee, and to the neighborhood
- The first step requires the petitioner to schedule meeting with the Development Review Team which is an internal group of City staff which reviews the project with the petitioner, providing feedback and direction for next steps.
- The petitioner then submits plans to the Chief Zoning Code Official who reviews the petition regarding zoning and produces a memo outlining the relief required from the Newton Zoning Ordinance. The Chief Zoning Code Official has 45 days per the City's Ordinances to review the petition, but reviews are often done sooner.
- The petitioner then files with the Planning Department and City Clerk to schedule a public hearing with the Land Use Committee. During the public hearing, Councilors and members of the public may offer comments and ask questions. At this stage, questions may require the petitioner to collect additional information and return for a subsequent meeting(s) before the Committee approves the petition. Once approved by the Land Use Committee, the City Council votes on the petition.
- If approved by City Council, the petitioner records the special permit at the Registry of Deeds and files for a building permit. a building permit which may require review from the Engineering Division, in addition to Current Planning staff before the Inspection Services Department has the opportunity to review. Per State law, Inspectional Services has 30 days to review and issue the permit.
- The special permit process is governed my M.G.L. 40A which requires a public hearing, a 2/3 majority vote of the City Council, and a 20-day appeal period. The only additional layers of review placed upon the proponent are the DRT and the zoning review. There is no formal customer service survey or similar tool used to identify and/or address areas for improvement with the process.
- The ongoing re-write of the city's zoning ordinance, Zoning Redesign, is intended to bring a large number of parcels into conformance with the zoning ordinance allowing for greater predictability for both residents and developers. and tailor the type of development review to the type of petition. For example, under the current process, an addition to a single-family home requires many of the same milestones as a multi-family development. By tailoring the review process to the type of request, the permitting process can be simplified.

- Many of the large developers, attorneys, and design professionals are familiar with the process and understand the stages but it can be complicated for a someone unfamiliar with the process. Staff have created flyers and are on hand to answer any questions regarding the process.

Opportunities

Based on information gathered from those familiar with the process and who have gone through a development review, there is room for improvement. Finding ways to make the process more efficient and predictable for applicants will benefit the community and ensure that the city continues to develop and grow in a way that is sustainable. The economic development strategy will include recommendations for improvements that are feasible, practical, and in line with the goals and vision for the city's future.

Transportation Assessment

Background

In February 2017, the Mayor of Newton presented a Transportation Strategy for Newton, which acts as a comprehensive guide for Newton to create a more equitable, economically, and environmentally sustainable multimodal transportation system by 2040. Heavily based in a vision developed through community outreach, this guide synthesizes stakeholder input with past plans and examines what strategies need to be implemented to fulfill the community's wishes to sustain and build on Newton's reputation as a safe, smart, accessible, livable, and sustainable community. Newton's ability to meet established economic development goals hinge upon the ability to implement these strategies, which will help the city overcome barriers to access and retain its economic competitiveness within the region.

As part of stakeholder outreach for the economic development plan, the community was engaged to further understand how transportation impacts a range of issues. These inter-related issues include: employers' ability to attract and retain staff, business owners' ability to attract customers, property owners' ability to attract and keep residents, and resident's and employees' ability to get to and from their jobs and needs safely and efficiently by any mode they might choose. The following is a summary of the transportation assessment as it relates to economic development.

Existing Transportation Conditions

Newton's tree-lined residential streets and walkable village centers makes it one of Boston's most attractive addresses and creates a high quality of living for workers and residents of all ages, abilities, and backgrounds. The City has been embracing approaches to accommodate the demand for improving its housing supply and costs while also reducing traffic and parking demand through added and enhanced options for getting around.

Currently, even though most Newton streets are lined with sidewalks and the city has thorough transit coverage, a high percentage of Newtonians still drive to work (see Figure 1), even higher than close by peer communities with similar transit access. Notably, telecommuting is also growing trend in Newton and the city has the highest share compared to peers. With changes in the job market, increased accessibility, and increased acceptance by employers, this trend may continue to grow.

An assessment of commuting trends in Newton finds that 74% of Newton residents work outside of Newton (ACS 2010, 5-year estimates), and, of those that commute, most commute eastward to Boston (see Figure 3). Over 78% of Newton's total employees live outside of the City of Newton, and most commute into Newton from the West (see Figure 4). On a more granular level, the City is working to examine where the employee base of particular sectors and areas originates. For example, where do employees that work in service for restaurants along a particular corridor work and, of those employees and unique shift hours, how realistic and accessible are non-driving options?

Based on current population and employment density, high frequency fixed route transit can be supported in most areas throughout Newton (See Figure 5). The City of Newton could leverage this opportunity to accommodate transportation as development continues to occur. Many Newton employers and education institutions currently offer private shuttle services to connect to other transportation services and the City of Newton is planning to further evaluate these services as part of a larger system. Other on-demand transportation service companies also exist in Newton to fill gaps in short trips, like those connecting students between their schools and activities.

The City is currently working to implement the Transportation Strategy's recommendations. The first wave of implementation includes: upgrading pavement quality by following a prioritized system generated by the city's pavement quality index, upgrading safety measures in West Newton, evaluating what can be implemented to achieve multiple goals along the Washington Street corridor, and carrying forward state projects for the Needham Street corridor. As part of ongoing work, the City is also updating its zoning to reflect what Newton would like to see through more transit-oriented and transportation-demand-managed development.

Figure 1: How Newton Gets to Work as Compared to the Region

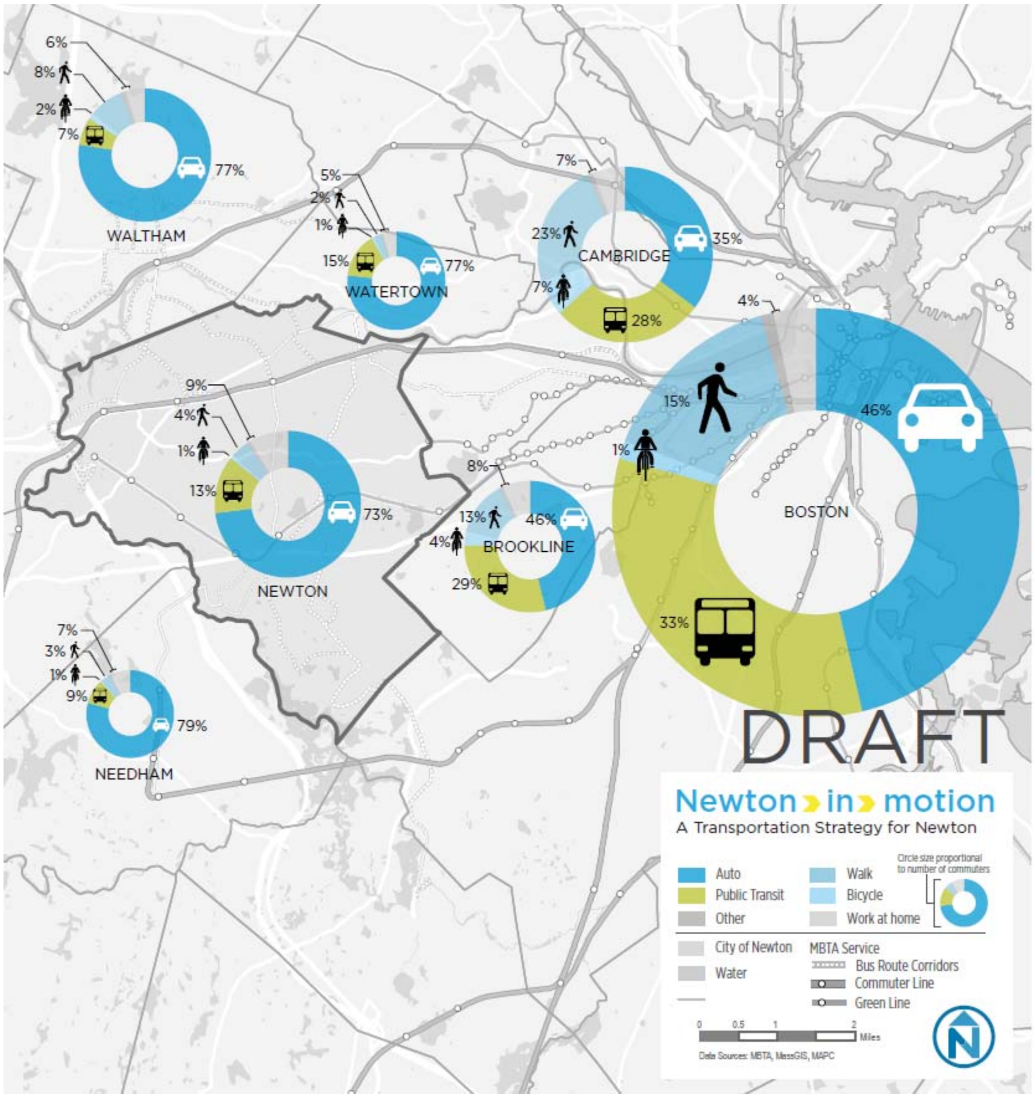


Figure 2: Newton's Mode Split

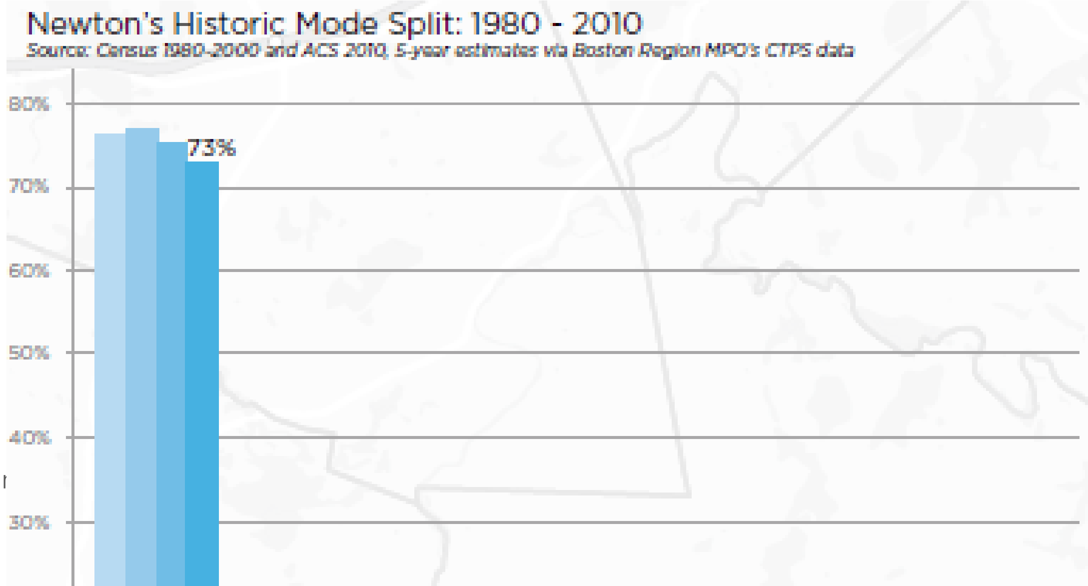


Figure 3: Place of Work of Newton Residents

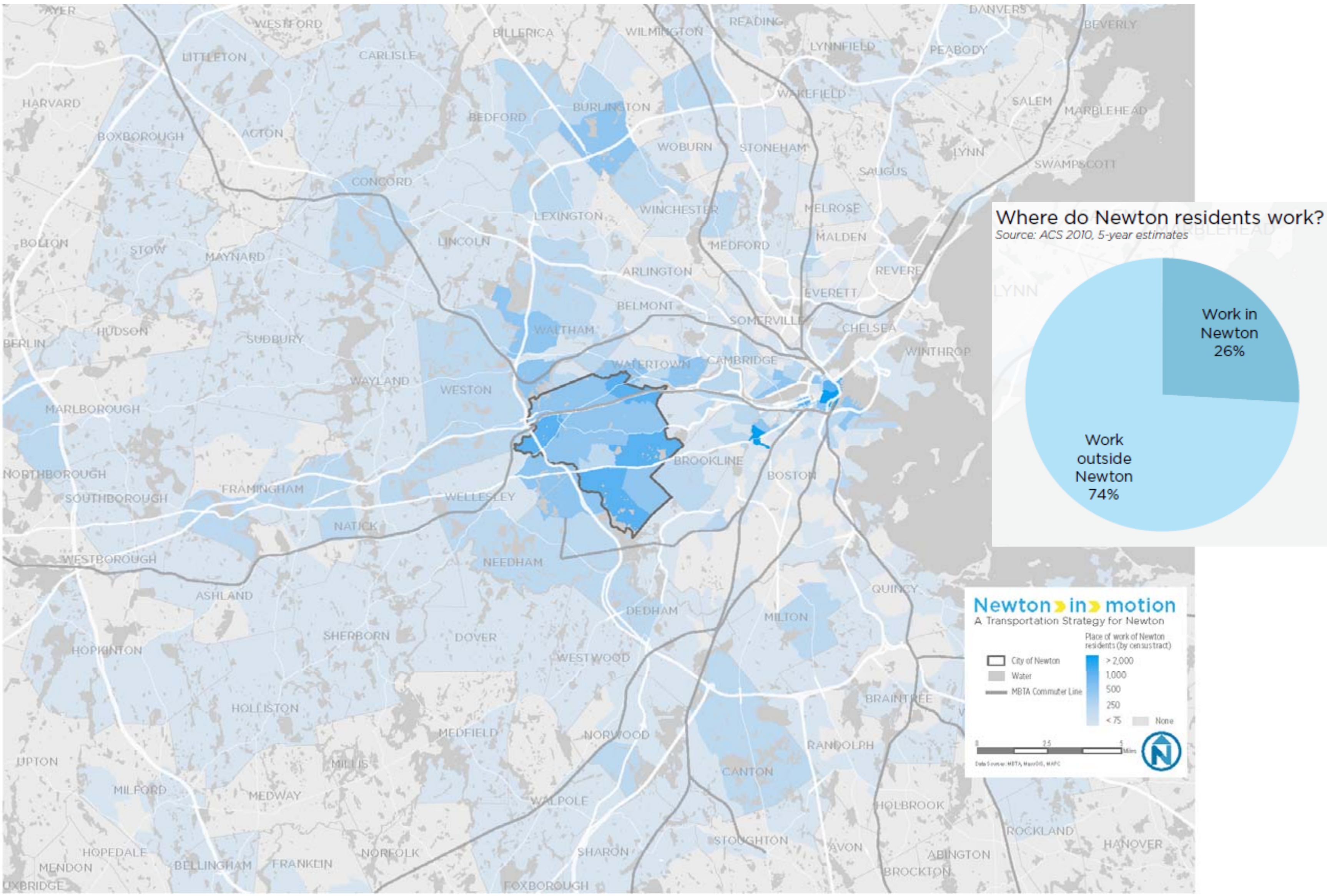


Figure 4: Residence of People that Work in Newton

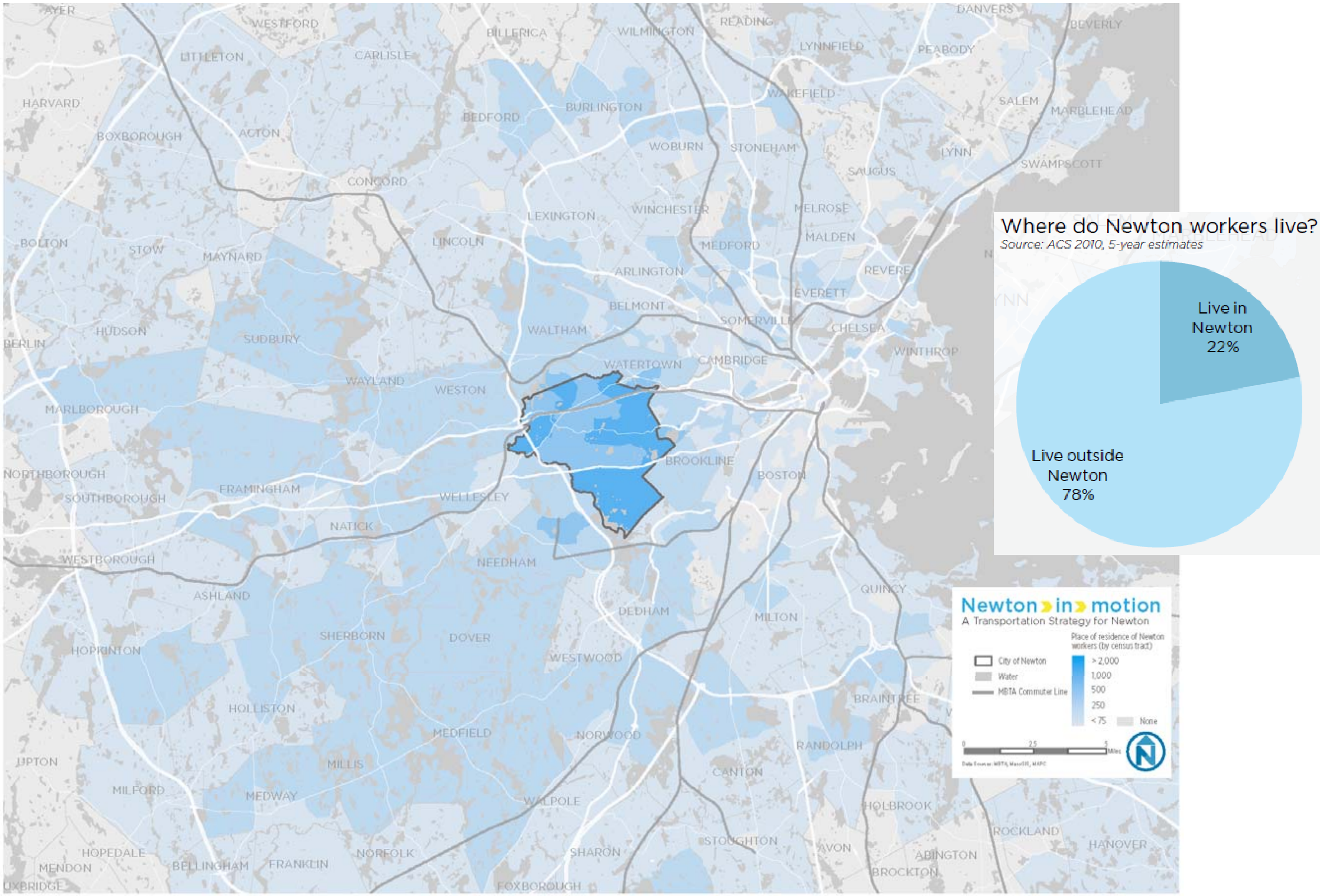
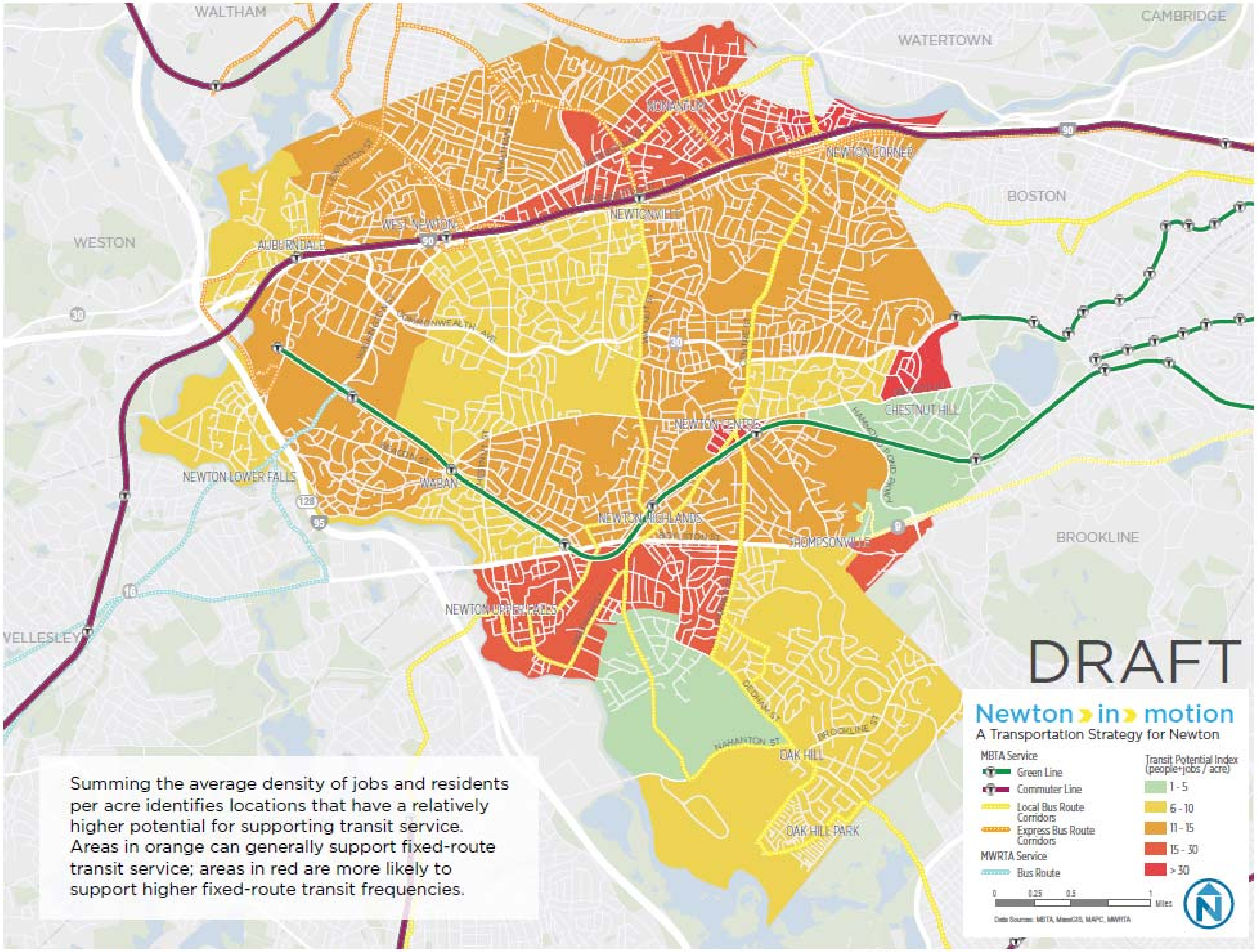


Figure 5: Transit Potential



Source: MBTA, ACS 2010, 5-year estimates via Census Transportation Planning Products

Opportunities

Transportation related issues are directly related to many of the economic development challenges being faced by Newton. Employers report finding it difficult to hire and retain workers who rely on public transportation due to limited accessibility of some areas of the city and limited transportation options. Business owners also mention parking challenges as limiting their ability to get customers to stop at their shop or return. Finally, quality of life issues related to increased congestion on the main roads, difficulty finding parking in neighborhoods and village centers, and reliance on personal automobiles for commuting. These are issues that are being faced on a daily basis by employers, workers, and residents in Newton and must be addressed as part of an economic development strategy.

Newton’s transportation plans aim to amplify the character of the attractive and thriving village centers, wherein compact housing with a mix of uses and good transit access creates environments where people regularly walk and interact on sidewalks, in cafes, and at the transit stop. Newton has many opportunities to leverage the economic development context through its existing and planned transportation context. Opportunities like the dockless bikeshare pilot should be evaluated in terms of how they help the city overcome first and last mile challenges to reach transit and for their impact on parking demand within village centers. The potential success of mixed use developments can be analyzed on the impact they will have on reducing driving trips through the creation of a “park once” environment, where Newtonians can leave their car and walk or bike between multiple destinations. According to multiple stakeholders, increasing transportation safety across modes can have a reciprocal effect not only on attracting and sustaining businesses and employees, but also on the value of the retail environment.

Water and Sewer Infrastructure Assessment

An important consideration in the growth of the City of Newton is the water and sewer infrastructure and its ability to accommodate new growth. An assessment of the water and sewer infrastructure capacity was conducted to ensure that the recommendations outlined in the strategic plan are aligned. The following is a summary of an interview with City Engineer Lou Taverna.

Water System

The City of Newton water system was originally built 100 to 120 years ago. Most residential areas have 6-inch diameter pipes and most commercial areas have 8- or 12-inch diameter pipes. Typically, when a developer wants to do a substantial project there will be water flow issues tied to fire protection resulting from the pipes being undersized. The City will handle and pay for any of the water main upgrades necessary for fire protection for the large projects, since it is a public safety issue.

Since the pipes in the city are so old they are very thick and therefore typically do not leak, however they are prone to corrosion and therefore there are some issues related to reduced water flow that can be mitigated by replacing, cleaning, and/or lining the pipe. The newer pipes, about 50 to 60 years old, are not as thick and therefore more prone to leakage. The City of Newton spends millions of dollars each year upgrading the water mains including cleaning, upgrading the diameter, and other projects. The city is one of 60 communities that purchase water from the Mass Water Resources Authority and accounts for approximately 5% of the Authority’s total use. Mass Water Resources Authority offers high quality water and has no issues related to capacity.

Sewer System

The sewer system was designed 50 to 100 years ago during a time when people did not anticipate the growth that the city was going to face. The sewer mains are old and small, and prone to leakage where storm and ground water leaks into the pipes. Since the pipes are undersized already, the leakage takes away capacity from proposed developers and therefore any developer that wants to build a large development is required to pay a mitigation fee. The mitigation fee is intended to clean and line the pipes to stop the infiltration of the ground and stormwater. This fee can get expensive, but it is required and the developers understand that it is part of the price to pay to develop in Newton. The City contracts for Mass Water Resources Authority to take the sewage to their wastewater treatment plant. Since the wastewater treatment plant is a fixed size they encourage all of their communities to line and clean the pipes to reduce the extraneous ground and storm water from leaking into the sewer mains.

Stormwater

In addition to the water and sewer system, the City of Newton maintains a stormwater system that was built 100 years ago that discharges to the Charles River. As the city continues to develop, stormwater management has become more and more important. Developers are expected to manage and contain stormwater on-site by building stormwater holding tanks that are large enough to hold rainfall amounts below a 100-year storm. For storm events greater than a 100-year storm, the excess rain is allowed to go into the city's stormwater system. The developer pays the cost to design and build this stormwater management system.

Opportunities

The City of Newton spends millions of dollars each year upgrading their water, sewer, and storm sewer system to ensure that it does not get to a point where it is beyond repair or there is an emergency. The costs paid by a developer looking to develop in Newton include a sewer mitigation fee, traffic mitigation fee, and tree mitigation fee. Although these costs may be above and beyond what a developer would pay further outside of the 128/495 belt, they are more typical for the core communities who are dealing with older systems and increased development pressure. It is not common for a developer to choose to locate somewhere else simply because of the fees associate with infrastructure. The existing water, sewer, and stormwater systems do not present a challenge to development at this time.

Marketing and Attraction Assessment

A review of the existing marketing and attraction efforts was also conducted to identify areas where there may be opportunities to cultivate new approaches or refine the focus of existing resources. The first step was to review the existing economic development efforts including the economic development department and the Economic Development Commission.

As outlined on the City of Newton's website:

The Economic Development division is responsible for attracting new companies to locate in Newton

- *We serve as a resource to support and assist local Newton businesses to thrive in the city.*
- *We help identify suitable commercial space including retail, office, or industrial.*
- *We help with recruitment of a local highly skilled workforce.*
- *We provide assistance with licensing and permitting and serve as the coordinating point of contact for any other government function in the City for economic development.*
- *We help identify local City projects and provide partnering opportunities for companies to sell their services within the City.*
- *We offer assistance with local loans and possible available economic incentives.*
- *We partner with the Newton-Needham Chamber of Commerce on local events and marketing opportunities as well as the promotion of the N2 Innovation District.*

We work in collaboration with MassChallenge and the Cambridge Innovation Center to run the Newton Innovation Center (NIC), a center based in a municipal building for start-up companies.

The economic development department currently has two primary staff and is supported by the Economic Development Commission.

The Economic Development Commission was established by City ordinance with a mission to promote and develop business and industry for the purpose of strengthening the local economy, providing jobs, and expanding the City's tax base. The Commission promotes, assists, and encourages existing and new business, industry, and commerce in Newton and advises and makes recommendations to City officials and staff.

The City of Newton economic development department employs a number of strategies around business attraction, expansion, and retention. As part of the economic development strategy it is important to understand the existing capacity and tools being used related to economic development. The following is a summary of the information gathered from Kathryn Ellis, Director of Economic Development for the City of Newton during an interview related to marketing efforts.

- The economic development department is located in the Newton Innovation Center in Newton Corner which allows direct contact and frequent engagement with the start-up businesses that are located there.
- The department is using social media, specifically LinkedIn, to identify potential leads, make connections with decision makers, and stay connected with the targeted industry leaders.
- The department also uses Twitter to highlight expansions and other economic development related news.
- The City's website does not include an obvious or easy pathway to the economic development department page. A new web address MakeItNewton.com was created to allow for easier access to the City's economic development page. There is some information on the site related to demographic, and quality of life, however, it is relatively basic and not directed towards a particular sector or cluster.
- Regular business visitation meetings do occur including approximately 15 per month with Kathryn and an additional 45 being scheduled throughout 2018 with the Mayor with major employers.
- Most business visitation and communication happens naturally with regular walk-ins by the Mayor or economic development department to businesses throughout the city, businesses reaching out to the city for some kind of assistance, as well as a coordinated effort to remain in contact with the businesses.
- The department uses CoStar data to identify potential sites that might be a good fit for businesses looking to locate in the area but does not include this information on their website or publish it anywhere.
- During major development projects, the economic development department works closely with the community to engage, understand issues, and educate the neighbors about what the project will be.

Opportunities

The City of Newton Economic Development Department is doing a lot of work with limited staff, however there is opportunity to focus the existing resources in a more targeted way. Creating targeted marketing materials, refining outreach and business visitation efforts, and continuing to act as a resource for new and expanding businesses will be key to future efforts around economic development. The strategies outlined in the economic development plan will be mostly geared towards the City's planning and economic development departments in partnership with other agencies but the role of economic development department and staff will remain to be the convener and coordinator to ensure all people, organizations, and agencies are moving in the same direction.

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ECONOMIC DEVELOPMENT

Attachment 5: Retail Strategy Research

City of Newton Retail Strategies

The Challenge

Newton's thirteen villages each have their own unique mix of local businesses, historic assets, and public amenities. They are under increasing development pressure from the booming regional real estate market:

> *The core retail markets inside and along Route 128 have seen record-setting rents as of late, and are expected to remain steady. In this area, average rents of $50-$55 per square foot NNN[3] for small shop space and $25-$30 per square foot NNN for larger spaces are common. For every operator that comes into this area aggressively but cannot sustain sales sufficient to cover high rents, there are strong tenants ready to backfill that space. Recent successful retail developments in Newton include The Street Chestnut Hill and Newton Nexus.*

While these trends are great for the tax base, property owners, and developers, the spike in commercial rents is outpacing sales growth for the city's small businesses. Combined with the need to adapt quickly to eCommerce trends in the industry, competition from national chains, and a limited supply of affordable space, Newton's long-established independent businesses are under threat; some have already shuttered their storefronts. As small local businesses are forced to leave, so goes Newton's sense of place and quality of life.

Recommendations for Leveling the Playing-field

In cities across the U.S. and Canada, developers and funders are focused on catering to large chains who can afford high lease rates and easily cover their debt. Left untouched, city-scale real estate markets and access to capital is increasingly biased towards major retailers. Newton is experiencing these trends first-hand. The following recommendations are designed to address the imbalance of power and level the playing field so the city's otherwise healthy local retail businesses can compete.

Recognize Historic Businesses as Historic Assets

In 2015, faced with sky-rocketing commercial lease rates causing otherwise healthy businesses to shut down or relocate, the City of San Francisco decided to create a historic registry for their 30+ year old businesses and subsequently established the Legacy Business Historic Preservation Fund (legacybusinesssf.com) to offer financial support:

- For Legacy Businesses, annual grant of $500 per employee, with a cap of 100 employees.
- For Property owners who extend ten-year or longer leases to Legacy Businesses, annual grant of $4.50 per square foot, with a cap of 5,000 square feet.

The program is open to 300 businesses and non-profits annually.

Independent retail business across the U.S. are facing similar challenges, and many cities are considering legacy business programs to help small businesses stay in-place in competitive real estate markets. San Antonio recently established a program and Seattle just completed an exploratory study, which contains in-depth information on this type of program.

[3] NNN, or "triple net," refers to a lease arrangement where the tenant is responsible for property taxes, maintenance, and insurance expenses, beyond the base rent amount

Actions

- The City will create a registry for Newton's long-established small retail businesses. This information will be used to customize the following recommendations and strategies specifically to the needs of Newton businesses as well as better connect the small business community across the thirteen villages.
- As part of the registry, the City will collect information about:
  - Type of businesses (goods sold or services offered)
  - Age of business, brief history
  - Ownership structure and any succession plans
  - Size and type of space the business occupies
  - Lease rates and ownership status of space business occupies
- The City will use information collected when creating the registry to design a financial assistance program, including grants and tax credits, that will address high-rent blight. The program will support small retail businesses and/or property owners to offset rising rents and enable the businesses to remain in-place. This is can be tied into the creation of tax increment financing districts.

Employ Small Business Friendly Zoning

Spiking commercial retail real estate lease rates in cities across the U.S. is the result of developers focusing on the needs of large national chains. Cities can use their zoning code, one of their most powerful tools to guide development, to proactively preserve affordable retail space while still maintaining a friendly environment for large retailers.

Updating a zoning code can be a very time-intensive process. Cities like San Francisco and New York City use Special Purpose Districts to supplement their existing zoning code to respond to specific needs of individual neighborhoods.

Actions

- **Restrict chain stores in village centers.** Create districts with provisions for 'formula retail' to cap how much street-level retail can be chain stores in Newton's villages. Formula retail provisions can allow chain stores only by permit, not by right, and, by conducting outreach to residents when a project is proposed, can give the local residential community/consumer market the opportunity to be more engaged in the development process.
- **Use the city zoning code to preserve and increase the supply of smaller retail spaces.** Parameters might include a cap on storefront size, require mixed-use buildings to have a minimum number of storefronts, and put limits on when a retailer can knock down walls to create larger spaces.
- **Adopt a business diversity ordinance.** The ordinance can require businesses with many locations in the U.S. to apply for a special use permit in order to locate in one of Newton's villages. The permit can consider how many businesses of that type are already in the district, assess if the business is compatible with the neighborhood, and consider if the applicant would bring something to the district that does not currently exist.

Create a "Buy Your Building" Plan

Businesses that own their own building have more control over their costs and are more resilient in a dynamic real estate market environment. Small business owners who own their own buildings build equity with their mortgage payments and build wealth that is more likely to stay locally in the community instead of out-of-town investors.

Many cities are in the process of designing programs and policies to help local small retail businesses owners purchase buildings. In Austin and Salt Lake City, lease-to-own programs use a mix of federal grants and local lenders to help small businesses purchase buildings and in New York City, strategies are being proposed to encourage developers to sell retail spaces as condominiums. Other communities are getting creative and using investment cooperatives and commercial community land trusts, to help stabilize commercial rates for small businesses.

Actions

- The City will identify financial partners for the program, including a network of local and regional lending institutions as well as federal programs through HUD and SBA.
- The City will work with partners, as well as representatives from the business community interested in participating in the program, to design a program to help Newton's business owners purchase buildings.

Create Opportunity for Local Businesses in Government Properties & Purchasing

Cities own and invest in real estate and can support local businesses by implementing policies that make city-owned properties more accessible for small businesses. This might be space in and around public transit, in city-owned buildings, and city-owned recreational amenities. Cities can control the rent in these spaces.

Actions

- The City will take an inventory of City-owned properties and public settings and identify space that local retailers and service providers might be able to capitalize on.
- This information will be used to write policies that encourage local businesses to bid on these opportunities.
- The City will conduct outreach to local businesses to promote the opportunities.
- As momentum for this project accelerates, the need for a digital solution will arise to efficiently connect businesses with available space. The City will explore creating a digital application to streamline this process and reduce staff-time necessary to run the program.

Establish a Local Currency Program

Examples of local currency programs include:

BerkShares Redeemable at over 400 participating businesses in the Berkshires of Massachusetts, BerkShares are issued at multiple participating banks (15 branches at four local banks). They give the user a 5% discount, as they cost $0.95 per Berkshare but can be used to purchase $1 worth of goods and services at participating businesses. They are traded in at what they cost, $0.95, providing an incentive for business owners to recirculate them to other participating businesses. Since 2006, 7.3 million Berkshares have been issued, and there are currently about 140,000 BerkShares in circulation.[4]

BNotes This Baltimore- based local currency started in 2011 and has grown to over 34,000 in circulation regularly. Started as a response to the economic crisis, the goal of BNotes was to address the growing wealth inequality in the region. Now, over 240 businesses accept BNote. BNotes are purchased at six participating retailers and cost $10 for 11 BNotes and can be exchanged for the reverse rate (11 BNotes for $10), incentivizing recirculation.[5]

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[4] Active Local Currencies http://www.centerforneweconomics.org/content/active-local-currencies
[5] Where to get BNotes http://baltimoregreencurrency.org/cambios

Brixton Pound The Brixton Pound in the UK started off as a physical currency, when their 10 pound note featured David Bowie, a resident of Brixton. Later, an electronic pay-by-text platform was introduced. Started in 2009, around 250 businesses currently accept the paper currency and 200 use the pay-by-text platform. They also feature a cash machine that distributes paper Brixton Pounds, and a program where their local government employees can receive part of their paycheck in this local currency.

Local currency programs can have the following benefits:

- **Boosts the local multiplier effect.** As an economic development tool, local currencies keep money local and recirculating through the same community, therefore increasing the economic multiplier effect. Circulation encourages capital to remain in a specific geographic location, benefiting all participating business. When you spend locally, your dollar stays local up to three times longer than when it's spent with national chains.[6]
- **Promotes local economic development.** A local currency program is a great way to unite businesses around a common and ubiquitous desire: to increase sales. While it does require coordination, it can be a small-scale reminder that it not only serves a purpose in its own right, but supports existing local economic development initiatives.
- **Encourages social benefits**. Just like the feeling when you get your final punch in that coffee card being part of a local currency program builds social fabric and pride in one's community.
- **Increases customer loyalty.** As mentioned previously, Brixton's local government provides the option for employees to receive the Brixton Pound as a portion their salary. Employees who do so report changing spending habits, trying out participating businesses when they normally wouldn't.
- **Creates new business networks**. As a business who received a local currency there is also an incentive to spend it again with another participating business. This encourages new businesses-to-business relationships to develop, increasing the interconnectedness of a region's economy.[7]

Local currency programs work well in communities where there are already a number of small, independent merchants, strong community spirit, relative geographic isolation, and inflow of new residents (particularly artists and students). Except for geographic isolation, the City of Newton checks all of these boxes. A local currency program can

Actions

- The City will design a local currency program targeted at students (college and high school), and the service-industry workforce (individuals who work in local hospitals, retail stores, and service providers) using information available through the Schumacher Center for a New Economics: http://www.centerforneweconomics.org/content/local-currencies.
- Local technology experts will be recruited to help establish the digital structure for the currency (website, app, etc.)
- The City will launch a robust marketing campaign to recruit businesses and engage the targeted customers of students and employees in the service-sectors about the local currency.

[6] The Multiplier Effect of Local Independent Businesses https://www.amiba.net/resources/multiplier-effect/
[7] Money with a purpose Community currencies achieving social, environmental and economic impact http://b.3cdn.net/nefoundation/ff0740cad32550d916_o1m6byac6.pdf

Offer Technical Support for Retail Businesses

Newton's local retail and service businesses need innovation support so they can adapt and innovate within an industry that is evolving – fast. Many national retailers have their own internal innovation centers or 'innovation labs' that are focused on developing the company's next big idea. To compete, small independent retailers who want to stay in Newton need a community where they can go to test and refine their transformative ideas and receive technical support to enhance existing business operations. The Newton Innovation Center (NIC) can be the hub for this community.

Services and support accessed through the NIC to local retail businesses and enraptures will include:

- Education around transformation in the retail industry and the role of small businesses in the future of community-based retail and services when trends are driven by outside forces:
  - Rapid adoption of technology by consumers
  - New retail players like Amazon, Google, and Facebook
- Business succession planning
- Providing local market intelligence and consumer targeting recommendations
- Digital programming and matching small business owners with local IT experts in the community to support (example: Digital Main Street):
  - Digital marketing
  - eCommerce systems
- Connect local retailers with other entrepreneurs in the community who want to test new ideas in Newton
- High-impact interior design support

It is critical that the programs and services offered avoid simple preservation tactics and instead foster a culture of creative thinking and taking disruptive actions.

Actions

- Through the process of developing the small business registry, the City will conduct a needs assessment to understand which resources and types of assistance are most in-demand by the local retail community.
- The City will work to identify partners for this project such as one of our many leading educational institutions and/or corporate partners.
- A business plan for the NIC will be created that re-focuses programming and assistance to support local small businesses and entrepreneurs who want to remain in the city.

Enhance the City's Commercial Real Estate Connection Services

As mentioned above, many Newton businesses struggle to remain in the city when their lease expires or they need to expand into a larger space. This is due to the limited supply of retail space at affordable rates. Existing businesses looking to stay in the city and businesses interested in locating to the city, need support in their search for space to understand the options that are available at different price points.

The Commercial Real Estate Connection page on the City's website currently offers a wordy, bureaucratic narrative, concluded with a non-hyperlinked web-address to a LoopNet page. This pushes business owners away from the City's website and creates the perception that the City is not the best place to look for help when trying to find commercial real estate. In comparison, the City of Detroit's Motor City Match website is an excellent example of a site designed to connect local business owners who need space and property owners with available space. It's designed to be inviting, emanating energy and excitement about retail opportunities in Detroit – not an easy feat!

This program also offers grant awards to local businesses and building owners to help revitalize the city's neighborhoods.

Actions

- Utilize MLS listings like LoopNet as well as the data collected as part of the business registry (above) to create a current database of commercial space in the City.
- Develop a system to track available space and lease rates regularly.
- Communicate real estate availability to the business community regularly.
- Develop a web-based application to be housed on the City's website, that local businesses can use to search for space.
- Redesign the Commercial Real Estate Connection page to improve the user experience and messaging. It should provide live links to resources the city offers and be designed to encourage the visitor to contact the City for assistance finding a great property to meet their needs.

Attachment 6: Acknowledgements

The creation of the City of Newton Economic Development Strategy involved numerous members of the Newton community. Below is a list of the people and organizations that made this strategy possible.

Newton Economic Development Commission

The Newton Economic Development Commission was established by City ordinance with a mission to promote and develop business and industry for the purpose of strengthening the local economy, providing jobs, and expanding the City's tax base. The Commission promotes, assists, and encourages existing and new business, industry, and commerce in Newton and advises and makes recommendations to City officials and staff.

EDC Members

Joyce Plotkin (Chair)
Robert Finkel (Vice-Chair)
Stephen Feller
G. Groot Gregory
Jack Leader
Philip Plottel
Howard Barnstone (Vice-Chair)
Chuck Tanowitz (Secretary)
Jeremy Freid
Jane Ives
Peter Kai Jung Lew

Thank you to all the people who came out and participated in the public meetings associated with this project and the people who participated in interviews with the project team. Their insights were invaluable to development of this strategy.

Tom Andrews, EVP
Jeff Behrens, Siamab Therapeutics
Dr. Ed Chazen, Boston College
Allan Cohen, City of Newton Assessors Department
Neil Cronin, City of Newton Planning Department
Daniel Elias, New Art Center in Newton
Steve Feller, Economic Development Commission
Kent Gonzales, Northland Investment Corporation
Mark Goodman, Cardio High
Marc Laredo, City Council President
Jack Leader, Economic Development Commission
Robert S. Korff, Mark Development, LLC
Karen Masterson, Johnny’s Diner
Kerry McCormack, Newton Nexus
Brian O’Dea, Newton-Wellesley Hospital
Joyce Plotkin, Chair of Economic Development Commission
Phil Plottel, Economic Development Commission

Thomas Ragno, King Street Properties
Greg Reibman, Newton Needham Chamber of Commerce
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Ruthanne Fuller
Mayor

Barney S. Heath
Director

MEMORANDUM

DATE: November 20, 2018

TO: Councilor Susan Albright, Chair
Members of the Zoning and Planning Committee

FROM: Barney Heath, Director of Planning & Development
James Freas, Deputy Director of Planning & Development
Lily Canan Reynolds, Community Engagement Manager

SUBJECT: West Newton Sub-Area of Washington Street Vision Plan

MEETING DATE: November 26, 2018

CC: Planning & Development Board
City Council

Following the presentation by Mr. Russell Preston to the Committee about the Washington Street First Draft Vision Plan and Zoning Toolkit on November 14, 2018, staff will further discuss the Plan's proposals for the sub-area of West Newton on November 26, 2018.

West Newton is a neighborhood in the western portion of the Washington Street Vision study area. A historic village, West Newton Square is a commercial core oriented along Washington Street and surrounded by several residential neighborhoods. In the past, grander predominantly brick buildings of three stories lined Washington Street. Today's buildings are mainly one-story buildings interspersed with parking lots and occupied by local retailers, some national retailers, and a range of general office uses. Civic buildings such as the Newton Police Station and the Newton District Court of Middlesex County and public parks such as Captain Ryan Memorial Park also contribute to the West Newton village character.

The Massachusetts Turnpike lies directly to the south of the retail blocks in the Square and the office and service type buildings just east of Chestnut Street; the on and off ramps to the Turnpike are just west of the village core and are substantial in size. West Newton is also connected to the MBTA Commuter Rail Station by a road and sidewalk network. The street and sidewalks in the core of the village will receive a significant investment by the City in 2019/2020 to upgrade the roads and sidewalks, improve the traffic pattern, and add new protected bike lanes, street trees, street lights and furniture. The first draft of the Washington Street Vision Plan (page 9) highlights three different approaches for envisioning the future of West Newton Square. Three sector types were assigned through analysis of the existing context of the village. In West Newton, **"enhancing the quality of the villages"** is a planning approach focused on the blocks roughly between Elm Street and Cross Street. These predominantly retail blocks are identified as places to balance infill redevelopment with the preservation of existing details that make West Newton unique. Further west of Elm Street, the sector plan identifies places to **"enable new value at the edges"** in areas that are more characterized by the sweeping on and off ramps to the Massachusetts Turnpike at the edge of the village. The sector map recommends a few blocks in West Newton as places to **"preserve the scale of the neighborhoods,"** in locations that are predominantly residential on the periphery of the square. Whether this map correctly identifies the 'natural breaks' in the different sectors of the West Newton neighborhood is a topic for the Committee to consider.

On November 26, 2018 staff will walk through the West Newton area with the Committee to discuss key questions for each of three sub-areas, as well as the neighborhood as a whole. A presentation will aim to clarify the differences between the illustrated scenarios, as staff have received comments that the variations can be difficult to discern.

Closely studying sub-areas in West Newton helps to illustrate how zoning and planning tools could be deployed in these different areas of the neighborhood. In the first draft vision plan three West Newton sites are studied in detail; for each of these sites, the plan shows different potential development scenarios.

A consistent theme in the draft vision plan is the close relationship between the shape of buildings and the amount of parking for cars as a component of the building, either aboveground or underground. To illustrate this point, the draft plan categorizes three different building scenarios. Whether the building has one large aboveground parking garage component, one large belowground parking garage component, or few smaller belowground parking garages, defines whether the resulting building is categorized as "market-driven," "courtyard," or "incremental." As a general rule, the greater number of parking spaces required will mean larger buildings that are more expensive to build. Parking built underground is generally more expensive than parking built aboveground, so a way to compensate for requiring underground parking is to reduce the total number of parking spaces required.

As the planning team revises the options shown in the first draft vision plan into a second draft, there are key questions for West Newton that need to be discussed with the City Council and the community. The first sub-area is the **"West Newton Cinema Block,"** which is identified as part of the "enhancing the quality of the villages" sector. Three potential future building scenarios are illustrated on pages 24 – 29, as "market-driven scenario," "courtyard scenario," and "incremental scenario." Key questions for the "West Newton Cinema Block" area include:

- Is an open space in between buildings such as an interior plaza or garden on this block a desirable use of space?
- Assuming the existing businesses such as the West Newton Cinema and the Paper Mouse remain on this block in the future, should these buildings remain as they are today, or should just their facades be maintained with new buildings incorporated, or should new buildings replace the existing ones? (See pages 30 – 31 for illustrations of this concept.)

- If new buildings were to be built facing the Massachusetts Turnpike on Davis Street, would taller six-story buildings be appropriate here as a way to buffer the neighborhood from the highway?

The second sub-area is the **“West Newton Cheesecake Blocks”** set on the eastern edge of the village. Also identified as part of the “enhancing the quality of the villages” sector, this is a section of over twenty contiguous parcels wedged between Washington Street and Cheesecake Brook. Similar to the Cinema Block, three future scenarios are illustrated, the “market-driven scenario,” “courtyard scenario,” and “incremental scenario” on pages 34 – 39. Key questions to discuss for this block include:

- Is the location adjacent to the Turnpike and across the street from the Armory an appropriate place for taller, six-story buildings?
- Because parking is the main factor that dictates the shape of the building, how important is the width of future buildings, compared to the amount of parking spaces?
- How important is it to revive the natural water feature of the adjacent Cheesecake Brook and orient new buildings to a new green linear park?

“West Newton Station” is the third sub-area illustrated in the draft vision plan and it is characterized as a place to “enable new value at the edges.” Located to the west of the village core and adjacent to the MBTA Commuter Rail station, opportunities exist to rethink the on and off ramps to improve access to the highway, as well as reintegrate the adjacent land into the village character. The three illustrated scenarios for this sub-area on pages 60 – 65 are “incremental option,” “lined bridge option,” and “decked park option.” Key questions to discuss for this area include:

- Is this the right spot for transformational change to reintegrate this western edge of West Newton back into the village square?
- The “decked park” option shows higher stories to accommodate potential future office buildings tied to Commuter Rail station improvements, which would help boost Newton’s commercial tax base; is this desirable?
- In the near term, which improvements on the either side of the Turnpike could help repair the West Newton street network and make it a more walkable and connected neighborhood?
- Should this area evolve incrementally or as part of a coordinated effort of more transformational upgrades to the Commuter Rail station that are integrated with new buildings and open space?

The answers to these questions will help guide which different zoning and planning tools are incorporated into the second vision plan draft. Staff will walk through these questions with the Committee and facilitate a dialogue about which elements of the first draft vision plan should be refined and further studied.

Please bring your printed copy of the first draft Vision Plan and Zoning Toolkit to the meeting for reference.

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Ruthanne Fuller
Mayor

Barney S. Heath
Director

M E M O R A N D U M

DATE: November 23, 2018

TO: Councilor Susan Albright, Chair
Members of the Zoning and Planning Committee

FROM: Barney Heath, Director of Planning and Development
James Freas, Deputy Director of Planning and Development
Rachel Nadkarni, Long Range Planner/Zoning Specialist

RE:# <u>#518-18 - DIRECTOR OF PLANNING</u> requesting review, discussion, and direction relative to the Zoning Redesign Project on a draft policy content outline of the new Zoning Ordinance.
Residence Districts – Primarily Article 3, Reference to Articles 2 and 9.

MEETING DATE: November 26, 2018

CC: City Council
Planning Board
John Lojek, Commissioner of ISD
Ouida Young, Acting City Solicitor
Marie Lawlor, Assistant City Solicitor
Jonah Temple, Assistant City Solicitor
Jonathan Yeo, Chief Operating Officer

The Residence Districts within the 1st Draft Zoning Ordinance regulate development activity in Newton's neighborhoods. These districts were designed and mapped to reduce non-conformities, make it simpler for a property owner seeking to make minor changes on their property to do so, to improve the degree to which development within neighborhoods is consistent with the valued character and scale of those neighborhoods, and to introduce mechanisms that allow for incremental degrees of neighborhood evolution in a manner that is controlled and consistent with neighborhood character. Development herein refers to everything from new buildings to minor additions or alterations to existing buildings.

The following describes the primary 1st Draft Zoning Ordinance provisions that apply within the neighborhoods, how they work and how the standards and rules could be changed in order to achieve different outcomes, and how they compare to the existing Newton Zoning Ordinance. This document will not cover development standards such as stormwater and parking or review processes such as the special permit process, as these topics will be addressed later in the 1st draft ordinance review process. The standards identified for these districts are drawn from the data gathered through the Pattern Book work and one aspect of the discussion will involve a presented set of case studies through which the Committee will be able to explore the implications of these numbers and begin to discuss adjustments to them. Finally, this document will identify key issues and policy questions for discussion and the inherent balancing or trade-offs involved.

Reading List: In preparation for this meeting, Committee members should read this memo, all of Article 3, Article 2 Secs 2.1 – 2.8, and Article 9 Secs 9.2.2 and 9.2.14 A, F, G, and H.

Residence Districts

The four residence zoning districts in the 1st draft zoning ordinance are the foundation for regulation across Newton's neighborhoods and roughly correspond to five of the existing residential districts – SR 1 to 3 and MR 1 & 2. Each residence district in the 1st draft ordinance provides four primary pieces of information, the district description and purpose, the rules for lots and building placement on the lot, the building types or development alternatives allowed in the district, and the allowed uses. To be clear, a zoning district is not a neighborhood. Each zoning district regulates a set of similar, but not identical, neighborhoods, and therefore the rules and standards must encompass those differences.

The starting point for creating these residence districts and the rules within them was defining the form and context of the City – the work encompassed by the Pattern Book. In a more detailed sense, this meant looking at what rules and standards were necessary to achieve consistency with that form and context over time as development activity (from additions to new homes) occurred. The most important factors in defining the context are the types and scales of the buildings, the spacing between those buildings, their relationship to the street, and the ratio of built to unbuilt space on a given lot. So the rules in each district focus on these issues. Notably, a rule like minimum lot size falls away as it does not consistently or precisely address the issues above and is therefore extraneous. Instead, the buildability of a lot of land is determined by its capacity to accommodate an appropriately scaled building with the frontage, setbacks, and lot coverage requirements – in other words based on whether it fits into the context of the neighborhood.

With this context-based approach to zoning, the 1st draft ordinance is addressing one of the issues that appears to be forefront for many residents of the City, which is the replacement of existing homes with very large, out-of-scale homes. This issue is a complex and challenging one as it requires the balancing of a number of competing issues or interests, including:

1. Potential loss of property value or tax revenue;

2. Ability of property owners to expand their homes to meet changing needs;
3. Preservation of neighborhood character;
4. Retention of potentially more affordable building stock.

While the presented case studies begin to explore these issues, the upcoming build-out analysis will attempt to comprehensively investigate the implications of the 1st draft ordinance. As the 1st draft standards are largely derived strictly from the data presented in the existing city, this analysis will allow the Committee to consider shifts in the standards to achieve particular policy outcomes. The big issues here are whether the allowed homes are too big or too small and how many buildable lots are available for new construction. Some of the options to be considered include increasing or decreasing the allowed footprints of the building types; increasing or decreasing the required frontages; adding another residence district; varying building types standards by district; and/or adding building components such as side wings and rear extensions that would allow greater building sizes with a greater degree of control. See the attached case studies for examples and more information.

<u>Notes on Standards</u>

<u>Front Setbacks</u>: The 1st draft ordinance proposes that the contextual setback, the minimum and maximum setback based on that of the neighboring properties, be the base rule, with the listed setback standards only used where a contextual setback would not apply. The current zoning ordinance provides the contextual setback as an option.

<u>Side Setback</u>: The one place where the standards in the 1st draft ordinance are not based on the data and reducing non-conformity is for side setbacks. If staff had followed the data in this instance, the side setback standard proposed would likely have been zero. Instead, staff has proposed a minimum side setback of 7.5 feet depending on the district, which is the same as the current minimum and achieves 50% conformity. Higher minimum side setbacks are required in other districts.

<u>Lot Coverage (Sec. 2.2.1.C & Sec. 2.3.2)</u>: The lot coverage standard in the 1st draft ordinance encompasses more than the existing ordinance, which only counts building footprints. The 1st draft ordinance proposes that lot coverage include all paved or otherwise “built” surfaces such that the standard reflects the built verse unbuilt aspects of the property. Driveways, patios, and decks would therefore all count towards the lot coverage maximum. Resulting lots will be more permeable for stormwater. This approach replaces the existing lot coverage and open space requirements.

<u>Fenestration and Garage Rules (Sec. 2.7 & Sec. 3.4.2)</u>: A strong sense of community, the idea that people know and interact with their neighbors, is important to many Newton residents and supports a range of public policy objectives including public safety, adapting to climate change, and democratic participation. Research and observation of different places and neighborhoods has found that features of how a place is designed can strongly influence sense of community. Rules in the 1st draft ordinance relating to fenestration,

which is the amount of windows and doors, and garage placement are intended to begin to address design attributes of homes that can reduce barriers to this sense of community. Both sets of rules are based on the premise of creating opportunity for people in a home to be able to easily observe and access the public street in front of their home.

Preserving Historic Homes

Based on conversations with some property owners/designers, another issue we are discussing is the potential for modest flexibility on certain zoning district standards in order to promote preservation of historic structures through additions rather than tear-downs. This issue recognizes that for many of the older homes in the City, those that predate zoning, the buildings can sit very close to lot lines or have other anomalies for which flexibility might be warranted.

Zoning District Specific Notes

For each district there are questions and decisions for the Committee to discuss.

Residence 1: The Residence 1 District represents neighborhoods that have larger homes on larger lots. Potentially, the limit on the size of houses in this district could be increased or there could be no limit at all.

Residence 2: The Residence 2 District encompasses the greatest land area in the City and is where many of the questions/decisions raised relative to the 1st draft standards are most in need of resolution. These include whether this district should be split into two districts representing more traditional neighborhoods such as those close to the historic village centers verses those neighborhoods that developed around the middle of the last century and are most common on the southern end of the City. This district also includes special rules for the House D building type, which is a large footprint, single story home. This type of home is considered inconsistent with many neighborhoods in the City and further, has been found to generally have lesser energy efficiency that a two or more story home. This district therefore includes rules to limit the availability of this building type by requiring that they only be allowed where this building type already exists in a neighborhood.

Residence 3: The Residence 3 District is the first to introduce small-scale multi-family options. Primarily, this is a district of one and two unit homes but in some areas it also includes three and four unit homes and small apartment buildings. Allowing for this diversity, the district includes a proximity rule whereby a new three-unit home, for example, could be built in locations where there are already such homes present, otherwise a special permit is required.

Neighborhood General: Beyond the mixed-use nature of the Neighborhood General, noted in the Allowed Uses section below, this district also allows a wide range of building types including all of those allowed in the Residence 3 District as well as Townhouses, shophouses, and shops. The district has been applied in areas adjacent to Newton's historic village cores where there is already a mixture of uses. Are there other areas where this district might be appropriate or should the proposed areas of this district be expanded?

Alternative Development Options

As the current zoning ordinance does, the 1st draft ordinance offers different development options. The current ordinance offers the options of rear lot subdivisions, attached units, and multi-unit conversions of existing homes. The 1st draft zoning ordinance retains these options, with modifications, and adds the option of courtyard clusters.

Rear Lot Subdivisions (Sec 3.5.1)

While rear lot subdivisions can allow for efficient use of land, they also present design challenges that can be disruptive to a neighborhood. The 1st draft ordinance goes further than the existing ordinance in addressing these challenges and controlling for the design outcomes for rear lot subdivisions. First, the 1st draft restricts the rear lot to only the House C building type, which is the smallest. Second, it provides for two possible siting approaches for the rear house; one facing the driveway entrance and the second facing forward. This second siting option is the one that is potentially most disruptive as the more public front of one home is directly adjacent to the private space at the back of the other home. To address this issue, the rear home is required to be placed so that it is only partially behind the front house.

Attached Units (Sec 3.2.9 & Sec 3.5.4)

The existing zoning ordinance allows attached units in all residential districts by special permit. However, the scale of these projects is often inconsistent with the surrounding context. The 1st draft ordinance restricts this building type, identified now as a townhouse, to the Neighborhood General district. In addition to the district and building type standards, projects that include a townhouse will also need to meet the requirements of the Multi-Building Assemblage section (as this section is particularly important for the Village Districts, we will likely spend more time on it during that discussion).

Multi-Unit Conversions (Sec 3.5.2)

Allowing a large single-family house to be converted into multiple units is a strategy employed in the existing ordinance to promote preservation of these large houses. The 1st draft ordinance carries this strategy forward with a more generous allowance for the number of units and a slightly less strict historic preservation standard. These standards are meant to increase the likelihood that this option is more attractive than tearing down the structure.

Courtyard Clusters (Sec 3.5.3)

The essential concept of a courtyard cluster is the idea of small attached or detached buildings surrounding a shared central green. While this development concept has been around for decades, in its current incarnation, the idea originates in the Pacific Northwest and has been spreading across the country. Its popularity stems from the sense of community created by the shared space and hamlet like environment and the form is particularly attractive to older adults. From the perspective of Newton’s neighborhoods, the development approach allows for new homes to be introduced into a neighborhood in a way that is compatible with the scale and character of many Newton neighborhoods. Locally, the Concord Riverwalk development is a prominent example of the development type.

The 1st draft ordinance allows this development approach on lots of at least .75 or 1 acre depending on the zoning district and requires a special permit. Allowed building types are identified by zoning district and a smaller footprint requirement than otherwise required outside of a courtyard cluster is specified. The Committee should consider whether this development approach might be acceptable by an administrative site plan review process rather than by special permit, given the extensive design requirements already specified in the ordinance. This approach to permitting could further encourage use of this form. Could the review process be tied to the size of the project and/or the district? Staff is also looking at the viability of this form on smaller lots than currently required.

Allowed Land Uses

General (Sec 3.6)

Broadly, the uses allowed in the 1st draft zoning ordinance for the Residence Districts 1 through 3 are the same as are currently allowed. The key differences are in the sections identified below and in the addition of the Bed & Breakfast use category.

The Neighborhood General district is a new kind of mixed-use district, transitioning from the purely residential neighborhoods to the mixture of uses found in the village centers. As mapped, the neighborhood general district is replacing business district zoned areas on the existing zoning map. This district has a more limited range of allowed commercial uses than the adjacent village districts and features building types meant to be in scale with the adjacent neighborhoods.

Adaptive Reuse (Sec 3.6.1.B)

The adaptive reuse section of the 1st draft zoning ordinance identifies a limited range of uses that might be allowed in an existing building by special permit to allow for its adaptive reuse. The section targets existing civic or house type buildings. Most commonly, these types of buildings have been converted into museum, arts, or educational uses, including such examples as the Durant-Kenrick House, the New Art Center, and the Allan House. The 1st draft ordinance proposes to expand the menu of potential reuse uses to include other arts related uses, general office space, and restaurant/cafes. The idea is to expand the opportunities for new commercial space, sensitively incorporated into an otherwise residential area and creating an opportunity for a neighborhood-based restaurant or allowing an expanding home business to stay in location. The idea is in line with how neighborhoods historically evolved, created walkable areas with neighborhood serving uses, and this provision allows a certain degree of evolution, in a way that is highly controlled, based on the special permit process. Are there additional uses to consider within the adaptive reuse framework?

Accessory Uses (Sec 9.2.14)
The 1st draft zoning ordinance includes a few changes from the existing ordinance relative to accessory apartments with the following being those sections with the most substantial revisions.

Home Business: For home businesses, as has been discussed previously, it becomes easier to create a home business, for example by lifting the limit of one per dwelling unit, but at the same time the restrictions are clearer and more limiting. The 1st draft addresses many common concerns such as deliveries. A maximum parking requirement is set because parking lots are not conducive to residential neighborhoods and encourage greater amounts of traffic. The rules also provide for a maximum number of visitor cars associated with the business. Overall, these standards uphold the notion that a home business should be effectively invisible to one's neighbors. Rather than allowing the expansion of a home business by special permit, instead one can seek a special permit for adaptive reuse, recognizing that a home business that occupies more of a building is becoming less of an accessory use and more of a principal use.

Short Term Rentals: The 1st draft ordinance introduces for the first time a definition and set of standards governing short term rentals. Primarily the rules limit the time a short term rental may be used, limit the number of guests, and requires that the primary use of the property be as the owner's residence.

Commercial Event Rental: A related issue to the short-term rental issue in Newton has been the rental of homes for commercial or paid events. This section limits this accessory use such that it cannot coincide with the use of the property for a short-term rental. The Committee may also consider limiting this use to a certain number a year.

-- Possible Addition – Personal Kennel: One comment received relative to the 1st Draft Zoning Ordinance was with regard to allowing Personal Kennels and the concern that, by not specifying that the use is allowed within a home, it might therefore be not allowed. State law distinguishes between such kennels and commercial or veterinary kennels. Personal kennels would be appropriately allowed in residential districts as an accessory use and staff would propose adding this accessory use, borrowing from the state definition, and including this change in the 2nd draft zoning ordinance. The state definition is:

> *''Personal kennel'', a pack or collection of more than 4 dogs, 3 months old or older, owned or kept under single ownership, for private personal use; provided, however, that breeding of personally owned dogs may take place for the purpose of improving, exhibiting or showing the breed or for use in legal sporting activity or for other personal reasons; provided further, that selling, trading, bartering or distributing such breeding from a personal kennel shall be to other breeders or individuals by private sale only and not to wholesalers, brokers or pet shops; provided further, that a personal kennel shall not sell, trade, barter or distribute a dog not bred from its personally-owned dog; and provided further, that dogs*

temporarily housed at a personal kennel, in conjunction with an animal shelter or rescue registered with the department, may be sold, traded, bartered or distributed if the transfer is not for profit.

Parallel Ordinance Amendments

As design of the 1st draft ordinance progressed, staff had a number of conversations about parts of the general ordinance that might also need amendment in parallel with the zoning ordinance. This topic relates to the entire ordinance rather than just the Residence Districts and the Committee may discuss or not at the upcoming meeting as time permits. These topics will be addressed as part of future meetings on development review processes and environmental standards.

Planning Board

In the current ordinance creating the Planning Board, the Director of the Planning Department is identified as an ex-officio member of the Planning Board. As the Planning Board adopts a greater role in the development review process, it seems appropriate that the Planning Director be removed as a member of this board. The Committee should consider alternative configurations of the Planning Board, which might include adding a member of the City Council.

Urban Design Commission

The Urban Design Commission was originally created as a general advisory body to the City on all topics related to urban design, from streetscape and buildings to parks. Later, specific roles in sign and fence review were added. The 1st draft ordinance proposes a more formal design review role for the Commission. The ordinance creating the Urban Design Commission should be updated to reflect this new role.

Stormwater

Rules for the management of stormwater associated with development has always been included in the Zoning Ordinance as part of the development standards applicable to all projects. The Utilities Division of the Department of Public Works has begun work on a new stormwater ordinance that would be part of the general ordinances and would likely replace the stormwater section currently proposed in the 1st draft ordinance.

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Ruthanne Fuller
Mayor

Barney S. Heath
Director

MEMORANDUM

DATE: November 23, 2018

TO: Councilor Susan Albright, Chairman
Members of the Zoning and Planning Committee

FROM: Barney Heath, Director, Department of Planning and Development
James Freas, Deputy Director of Planning
Rachel Blatt, Long Range Planner

RE: **#572-18 Zoning amendment to delay effective date of garage ordinance**
DIRECTOR OF PLANNING proposing to further amend Chapter 30, Section 3.4.4 of the Revised Ordinances as amended by Ordinance B-6, to implement a deferred effective date for the ordinance of December 31, 2019 or such other appropriate date, for the purpose of allowing the Planning Department to complete a comprehensive study thereof.

MEETING: November 26, 2018

CC: Planning Board
Ouida Young, Law Department
Commissioner John Lojek, Inspectional Services Department

Many in the design community raised concerns about the content of the garage ordinance, suggesting that it may have gone too far in addressing the issues associated with garages dominating the streetscape.

In October 2016 and again in March 2018, the Council passed deferrals of implementation of the ordinance in order to allow time for further discussion.

At this time, the Planning Department is seeking a deferral of the effective date until the end of the current Council term, December 31, 2019, so that it can be studied and discussed further in the context of Zoning Redesign.