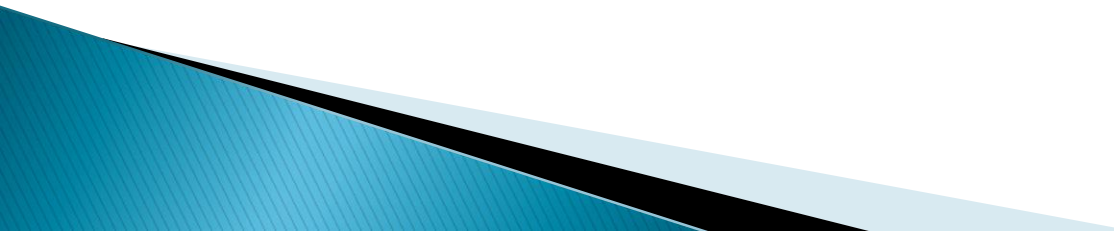


# Innovation-Based Economic Development for Industry in Haverhill Results & Recommendations



John Michitson  
Haverhill City Council  
July 9, 2013

# Outline

- ▶ What is in it for us?
  - ▶ Startups as an economic engine
  - ▶ Recent/ongoing marketing initiatives
  - ▶ Recent State initiatives for economic development
  - ▶ Tax-Free Community – New York Model
  - ▶ Preliminary recommendations for:
    - Mayor's Industrial and Development Committee
    - Seeking City Council feedback and support
- 

# What is in it for us?

- ▶ Our objective is to create 1000 new jobs and attract \$3M in new revenue to Haverhill's industrial base by 2020

## Hilldale Business Park:

- Several undeveloped Lots
- MVPC Priority Area for Development

## Computer & Research Drive:

- 2 Lots
- Each Lot is \$250K
- Recurring Revenue Opportunity

Example  
Opportunities



# Current State of Haverhill's Manufacturing Base

Of 134 Massachusetts municipalities surveyed for concentration of manufacturing jobs, Haverhill ranked #85, with 44 jobs in manufacturing per 1000 Residents. How do we compare with some other nearby communities?

- ▶ Andover #1 (340/1000...Nearly 8 times Haverhill)
- ▶ Wilmington #3 (291/1000...6.6 times Haverhill)
- ▶ Bedford #9 (177/1000...4 times Haverhill)
- ▶ Billerica #12 (138/1000...3.2 times Haverhill)
- ▶ Chelmsford #16 (122/1000...2.8 times Haverhill)
- ▶ Amesbury #33
- ▶ *New Bedford #38*
- ▶ Ipswich #42
- ▶ Lawrence #60 (64/1000...45% higher than Haverhill)
- ▶ **HAVERHILL #85 (44/1000)**
- ▶ Lowell/ Methuen (37/1000...19% below Haverhill)

Opportunities for  
Improved Performance

Source: "Staying Power II:  
A Report Card on  
Manufacturing in  
Massachusetts 2012"

# Startups as an Economic Engine

- ▶ Startups spur job growth
  - In San Jose, 39 percent of job growth comes from first-year startups, says Jeff Ruster, deputy director of the city's Office of Economic Development
- ▶ Established businesses move in seeking innovation partnerships (follow mindshare critical mass)
- ▶ Just a few years ago, the South Boston Waterfront didn't have much to it
  - MassChallenge moved into district in 2010
  - Startups followed
  - Established companies moved in:
    - Vertex Pharmaceuticals
    - McGraw Hill Education
    - Zipcar
    - Gazelle
    - Etc.



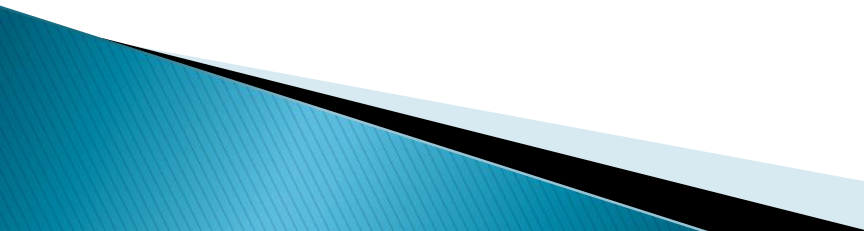
**Vertex Pharmaceuticals –  
Two New Buildings  
Under Construction  
In Boston's Innovation District**



# Recent and Near-term Marketing Initiatives

- ▶ Haverhill Hardware Horizons Challenge (H3C) completed
    - Haverhill recognized across Greater Boston, Route 128 and Merrimack Valley as “Welcoming to Startups”
    - Effort included establishment of H3C mentors
  - ▶ Hosted Merrimack Valley’s first Regional Open Innovation Conference
  - ▶ Burgess Business Center & incubator continues to attract and retain startups and a wide variety of small businesses
- 

# Haverhill's Likely Niche

- ▶ Adaptive, affordable manufacturing in target growth sectors
    - Manufacturing arm for R&D companies in Greater Boston and Route 128
    - Nimble to meet startup needs
  - ▶ Well-promoted incentives:
    - Public-build on Mayor's expedited permitting strategy, infrastructure improvements, explore tax incentives
    - Private-H3C Challenge and Burgess Business Center a good start
    - Education-workforce development for manufacturing
  - ▶ Strong manufacturing workforce at all levels
  - ▶ Affordable start-up space
  - ▶ Diverse, affordable housing stock
  - ▶ Emerging downtown amenities
- 

# Headline

The Boston Globe

## Tech start-ups welcome in Haverhill

By Brenda J. Buote

GLOBE CORRESPONDENT

MAY 02, 2013

PHOTOS BY JIM DAVIS/ GLOBE STAFF



**More than 50 businesses attended the city's first conference on open innovation in March, where new products were demonstrated.**

<http://www.bostonglobe.com/metro/regionals/north/2013/05/01/tech-start-ups-welcome-haverhill/LacNPkQn3Jeh0Zhj2EGxJ/story.html>



# Massachusetts Innovation Mentoring Initiative

- ▶ The Massachusetts Technology Collaborative (“MassTech”) and Executive Office of Housing and Economic Development (“EOHED”) announced:
  - New initiative to expand and strengthen entrepreneur and startup mentoring activities across underserved populations, regions, and industries in the Commonwealth
- ▶ Request for Information/Expressions of Interest due: August 2nd
- ▶ Request for Proposal (RFP) will be issued in late summer 2013 for interested parties
  - To apply for modest grants totaling up to \$1 million in the aggregate
  - [http://www.masstech.org/sites/mtc/files/documents/2013-JAII-01\\_RFI\\_MentoringInitiative.pdf](http://www.masstech.org/sites/mtc/files/documents/2013-JAII-01_RFI_MentoringInitiative.pdf)

# Updated Merrimack Valley Regional Plan


- ▶ Priority areas in the state's updated Merrimack Valley Regional Plan by MVPC will receive preference for state and federal assistance
  - Will receive expanded marketing attention by the state, including assistance in obtaining financing and with expedited permitting
- ▶ Priority areas identified in Haverhill: Hilldale Business Park and Downtown/Water Street
  - <http://www.mass.gov/hed/economic/eohed/pro/planning/merrimack/>

# Tax-Free Communities in New York



- ▶ All SUNY campuses outside of New York City and designated private colleges north of Westchester will be tax free (no sales, property, or business/corporate taxes)
- ▶ Up to 200,000 square feet surrounding the campus will be included in the tax-free community
- ▶ Employees Exempt from Income Taxes
- ▶ 3 million sq. ft. in commercial space will be available at New York's private universities and twenty strategic state assets will also be designated tax-free.
- ▶ Eligible businesses include companies with relationship to academic mission of university and companies creating new jobs
- ▶ <http://www.cpapracticeadvisor.com/news/10947798/tax-free-new-york-offers-10-years-of-zero-sales-property-business-taxes>

# Preliminary Recommendations

- ▶ Formulate proactive, innovation-based economic development strategy (e.g. use Holyoke Innovation District Study as guide)
  - ▶ Develop user-friendly database of available properties and rental space (Mayor to launch)
  - ▶ Design a new Haverhill Hardware Horizons Challenge to directly attract startups to Haverhill
  - ▶ Develop a top-notch Haverhill business mentoring corps
  - ▶ Leverage Massachusetts Technology Collaborative's request for information (RFI)
  - ▶ Work with Merrimack Valley Planning Commission and State officials to develop proposal with stronger tax and financial incentives
    - Pilot program in Haverhill
- 

# Preliminary Recommendations (Concluded)

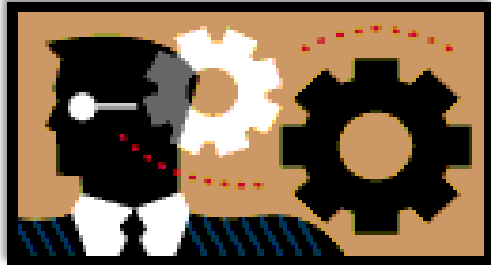
- ▶ Preliminary target industries (based on embedded base, experience and research)
  - Food Manufacturing
  - Industrial (Industrial captures Robotics/Automation, Instrumentation, Clean Tech)
  - Tech
  - Medical devices
- ▶ Key strategy – Become Manufacturing arm for R&D companies in Boston and Route 128



» Backup

# Critical Elements of Open Innovation

Vision,  
Leadership &  
**Social Capital**



**A Cluster of Entrepreneurs  
and Talented Workers**



**A Robust and Engaged  
Education Network**



**Collaborative Business  
Practices and Tools**

**Creative Facilities for  
Rapid Prototyping &  
Collaboration**



**Access to Capital  
Resources, and Local and  
Global Markets**



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