

ECONOMIC DEVELOPMENT

A component of the NEEDHAM COMMUNITY DEVELOPMENT PLAN

Prepared for the
Needham Planning Board

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ECONOMIC DEVELOPMENT

ECONOMIC STATISTICAL PROFILE

At the turn of the 21st Century Needham had about 19,000 jobs located within its borders and about 14,000 persons in its resident labor force, resulting in net in-commuting of about 5,000 workers per day to fill those jobs, a powerful economic standing for a community that is commonly characterized as a residential suburb. The following data further explore that economic status and its potential change over the next twenty years.

Table 1 and figure 1 provide an overview of historic and projected changes in jobs in Needham broken down by industrial sector (using the SIC classification system). Jobs in services have steadily grown, while jobs in manufacturing have steadily declined over the 1967-2000 period covered, essentially following regional trends. The forecasts by the MAPC (which start from 2001 in which employment was significantly higher than the 2000 figures in these materials) indicate overall employment decline, most sharply in retailing, and with finance and real estate the only sector forecast for steady growth. Also shown in table 1 are the average annual wages by industrial sector in 2000 (such data by municipality is not available), and the number of establishments in the town over the historic period. Overall the number of jobs and the number of establishments have grown at similar rates despite the possible impression that businesses are getting bigger.

Table 1A lists the twelve largest employers in the Town, a list that starts with the Town itself being the largest employer, two of the top 12 being categorized as “residential” land uses, and four of the twelve (including the Town) being involved in education. Less than a quarter of the jobs located in the Town are in the twelve largest establishments, an indicator of the healthy diversification that the Town enjoys.

Table 2 expands on the rate of change being forecast and places Needham in the context of the MAPC’s Three Rivers Council, made up of Canton, Dedham, Dover, Foxborough, Medfield, Milton, Norwood, Sharon, Stoughton, Walpole and Westwood in addition to Needham. Its data confirm that the forecasts for the Town and the region are largely parallel. The differences among towns further illustrates that the forecasts are largely extrapolations of the prior twenty years of change.

Table 3 does the same for population change as forecast by the MAPC. Slow decline in population is forecast for both the town and the region. Interestingly, despite much discussion about the effects of the baby-boom age cohorts growing into senior status that the share of the population that is 65 and older is projected for essentially no change in Needham, while the school age population is forecast to drop, and the workforce age population is forecast to grow as a share of the overall population.

Table 4 is a current snapshot of recent history of the local labor force and unemployment. Unemployment rates are relatively volatile over time, but the relationship between unemployment among Needham’s relatively skilled population and that for the state as a whole

is quite steady, with the Town consistently having many fewer unemployed in relation to overall numbers than does the State. Table 5 indicates that similar neighbors have similar experience.

Table 6 looks at jobs held by residents of Needham regardless of place of work and jobs located in Needham regardless of worker place of residence. They are broken down by the NAICS classification system rather than the SIC system used in other tables, and draw data from sources that aren't designed to be compared, so there is some awkwardness, but the overall picture is helpful and valid. It shows that not only is there strong net in-commuting to Needham to fill its "excess" of jobs but also that such in-commuting is found across virtually all of the industrial categories, with little relationship to wage levels, despite the common observation that suburbs heavily rely on in-commuters to fill low-wage jobs. The categories have been sorted by order of increasing average wage levels, clarifying the lack of wage sensitivity to the pattern.

Table 7 more analytically looks at jobs in Needham, again classified under the NAICS system, this time sorted by the number of jobs in Needham. Statewide forecasts of growth by the New England Economic Partnership for the next two years are listed, with two of their three highest growth rate categories (professional & technical, health care and social services) being the two largest categories in Needham, which could augur well for growth in the short term. The "Location index" is a measure of how the number of jobs in relation to population differs locally from that found Statewide. For professional and technical positions, Needham has nearly three times as many jobs as "expected" for a community of its size, while despite the Town's industrial history, manufacturing jobs are only about half as many as found Statewide in relation to population.

Needham has a slightly disproportionate number of jobs in industrial categories having relatively high wages. If Needham workers in each industrial category were paid at the statewide rate for that category the mix of jobs would produce a wage level 8% higher than Statewide, \$48,400 rather than \$45,000. Actually, Needham average wages were even higher than that, \$55,800 rather than \$48,400, 15% higher, which reflects not the mix of industries but the specific businesses that are at this location, a "location factor." That speaks well for the location and for the labor force that services the location.

Table 8 and figure 2 break down the historic pattern of "new growth" assessments. New growth is both a useful indicator of new investment in Needham by businesses and a measure of success in the single most important consideration in economic development for a Massachusetts town. "New growth" is increase in assessed valuation that is attributable to new development, not just increase in real estate prices. Assessments have ballooned in the hot real estate market, but the constraint on the funds that the town is allowed to raise is not affected by that. The only increases that reflect in the town being allowed to raise more funds under Prop 2½ are increases resulting from "new growth." The tax levy raised by property taxes is constrained by Prop 2½ to a 2½% increase each year over that last year, plus an amount based on the last year's tax rate and the amount of "new growth." New growth is vital to being allowed tax levy levels adequate to maintain the level of services sought by the community. The share of new growth that comes from non-residential development is critical not only to contributing to the overall level of the allowed tax levy but also to the distribution of "who pays." The figures in the table below illustrate what is happening.

Non-residential assessed valuations have sharply declined as a share of the Town-wide total as a result of the extraordinary value growth in residential property while business property values have lagged. Non-residential valuations dropped from about 22% of the total to less than 13% between 1994 and 2004, while the residential share grew from about 78% to more than 87%. The ability of the Town to alter the share of the total tax levy paid by classes of property has enabled the Town to cushion the shift in tax burden which that otherwise would have caused, but unless the states' Classification Law changes the town can shift the burden no further. Only growing business property values, particularly through new growth, can shelter residents from bearing a growing share of the burden in future years if past valuation trends continue. This probably is the single largest motivation for economic development in Needham.

NEEDHAM ASSESSED VALUATIONS AND TAX LEVY BY PROPERTY CLASS

	Assessed valuation share	Tax levy share
Commercial, industrial, personal property		
1994	21.9%	25.5%
2004	12.7%	22.2%
Residential, open space		
1994	78.1%	74.5%
2004	87.3%	77.8%

Source: MA DOR website Municipal Data Bank.

The New England Business Center plus the neighboring Highland Corridor-128 and Mixed-Use-128 District were estimated to among them yield an average of \$25,000,000 per year in new assessments or “new growth,” potentially sustained for a decade¹. In contrast, as shown in Table 8, in only three of the past thirteen years has the **total** of Needham’s non-residential new growth from all sources exceeded that amount. That illustrates how potent planned economic development potentially can be.

¹ Goody, Clancy & Associates, *Needham Business Center, Highland Avenue, & Wexford/Charles Street Industrial District*, for the Town of Needham, June 2001, page 55.

ECONOMIC PROFILE TABLES

Table 1
NEEDHAM JOBS BY INDUSTRY, 1967-2025

Year	Gov't.	Manufing	Whols, retail	Fin, insur, real est	Services	Other	Total Jobs	Number of Estabmnts
1967	500	5,646	3,311	142	792	909	11,300	607
1970	600	3,323	3,878	236	1,112	1,551	10,700	662
1975	800	3,541	3,995	264	1,761	1,539	11,900	772
1980	1,499	3,016	5,854	447	2,121	1,818	14,755	885
1985	1,450	6,729	5,731	623	3,144	1,993	19,670	1,018
1990	1,292	5,539	4,690	771	4,348	1,809	18,449	1,187
1995	924	3,367	4,601	746	4,524	1,763	15,925	1,263
2000	1,185	2,769	4,306	1,181	6,891	1,971	18,303	1,372
2005	1,149	2,142	3,732	1,250	9,154	2,150	19,577	
2010	1,035	1,446	3,315	1,340	9,821	2,081	19,038	
2015	917	1,284	2,890	1,425	10,004	1,993	18,513	
2020	799	1,389	2,459	1,503	9,955	1,897	18,002	
2025	683	1,332	2,021	1,578	10,089	1,799	17,502	

Wages* \$39,284 \$57,255 \$30,757 \$78,154 \$43,304 \$43,701 \$44,329

* Average annual wage in MA in 2000.

Needham\Economic\418-Jobs-Needham

Source: History - MA DET, Projection - MAPC

19-May-04

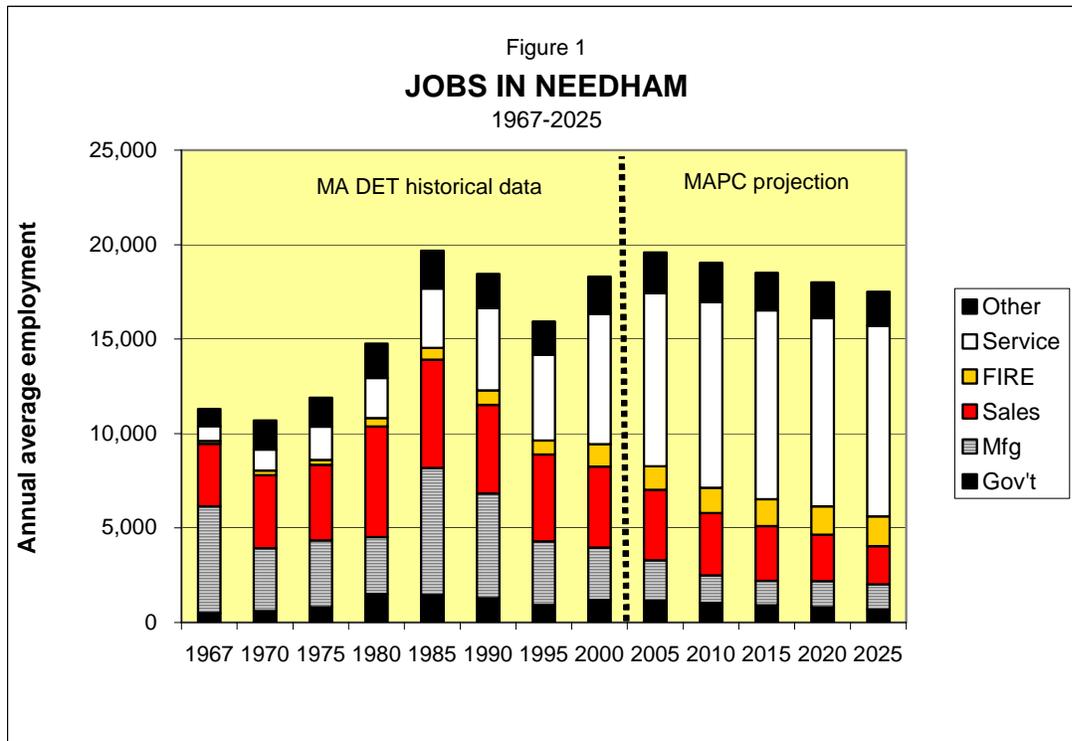


Table 1A
NEEDHAM'S LARGEST EMPLOYERS, 2003

Name	Product/function	Employees
Town of Needham	Municipal govt. & education	1,175
Parametric technology	Software development	950
Coca Cola Co. of Boston	Bottling & distribution	637
BI Deaconess/Glover Hospital	Health care	360
North Hill Living Care Center	Retirement center	300
Pearson Education	Publisher	261
Walker Home & School	Education	250
Channel 5	WCVB-TV Channel 5	226
Wingate	Assisted living facility	170
Muzi Ford	Auto dealer	165
Roche Bros Supermarket, Inc.	Supermarket	145
Olin College	Engineering school	85

	Total in the 12 largest	4,724
	Total in all establishments (2001)	20,018

Source:Town of Needham individual contacts.

5/24/2004
 Economic\Largest

Table 2. **EMPLOYMENT FORECASTS - NEEDHAM AND THREE RIVERS SUBREGION**

Industry	NEEDHAM				THREE RIVERS				
	1990	2001	2010	2020	1990	2001	2010	2020	
JOBS BY INDUSTRY BY PLACE OF WORK									
Government	1,292	1,238	1,035	799	9,766	11,308	11,866	12,297	
Agric, forest	186	236	211	183	883	1,122	1,252	1,420	
Construction	626	963	883	767	5,365	8,009	8,453	8,622	
Manufacture	5,539	2,915	1,446	1,389	26,507	18,753	15,887	14,912	
TCPU	997	993	985	946	5,270	5,988	6,741	7,355	
Trade	4,690	4,064	3,315	2,459	37,908	35,319	35,653	36,006	
FIRE	771	1,173	1,340	1,503	7,124	8,740	10,223	11,813	
Services	4,348	8,436	9,821	9,955	26,514	41,132	45,385	48,668	
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Total	18,449	20,018	19,036	18,001	119,337	130,371	135,460	141,093	
% OF TOTAL JOBS									
Government	7.0%	6.2%	5.4%	4.4%	8.2%	8.7%	8.8%	8.7%	
Agric, forest	1.0%	1.2%	1.1%	1.0%	0.7%	0.9%	0.9%	1.0%	
Construction	3.4%	4.8%	4.6%	4.3%	4.5%	6.1%	6.2%	6.1%	
Manufacture	30.0%	14.6%	7.6%	7.7%	22.2%	14.4%	11.7%	10.6%	
TCPU	5.4%	5.0%	5.2%	5.3%	4.4%	4.6%	5.0%	5.2%	
Trade	25.4%	20.3%	17.4%	13.7%	31.8%	27.1%	26.3%	25.5%	
FIRE	4.2%	5.9%	7.0%	8.3%	6.0%	6.7%	7.5%	8.4%	
Services	23.6%	42.1%	51.6%	55.3%	22.2%	31.5%	33.5%	34.5%	
-----	-----	-----	-----	-----	-----	-----	-----	-----	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
% INCREASE OVER PRIOR PERIOD									
Government		-4.2%	-16.4%	-22.8%		15.8%	4.9%	3.6%	
Agric, forest		26.9%	-10.6%	-13.3%		27.1%	11.6%	13.4%	
Construction		53.8%	-8.3%	-13.1%		49.3%	5.5%	2.0%	
Manufacture		-47.4%	-50.4%	-3.9%		-29.3%	-15.3%	-6.1%	
TCPU		-0.4%	-0.8%	-4.0%		13.6%	12.6%	9.1%	
Trade		-13.3%	-18.4%	-25.8%		-6.8%	0.9%	1.0%	
FIRE		52.1%	14.2%	12.2%		22.7%	17.0%	15.6%	
Services		94.0%	16.4%	1.4%		55.1%	10.3%	7.2%	
-----	-----	-----	-----	-----	-----	-----	-----	-----	
Total		8.5%	-4.9%	-5.4%		9.2%	3.9%	4.2%	

Source: Metropolitan Area Planning Council, 3/17/03
 1990 jobs data from MA DET.

Economic\Social\Jobs

Table 3. POPULATION FORECASTS - NEEDHAM AND THREE RIVERS SUBREGION

Age	NEEDHAM				THREE RIVERS				
	1990	2000	2010	2020	1990	2000	2010	2020	
FIVE-YEAR POPULATION AGE COHORTS: # of residents									
0-4	1,859	2,153	1,306	1,225	15,375	16,210	11,350	10,563	
5-9	1,781	2,134	2,090	1,300	14,261	17,768	15,501	10,700	
10-14	1,638	2,146	2,726	1,655	13,441	18,012	19,615	13,581	
15-19	1,562	1,729	2,263	2,221	14,453	14,173	19,172	16,814	
20-24	1,538	954	1,668	2,127	16,356	9,155	15,196	16,454	
25-29	1,749	844	1,052	1,384	17,705	11,422	10,840	14,451	
30-34	2,037	1,670	877	1,542	18,763	16,459	8,944	14,915	
35-39	2,264	2,410	1,201	1,506	18,953	21,023	13,090	13,164	
40-44	2,342	2,529	2,219	1,173	17,897	21,799	19,100	10,396	
45-49	1,769	2,370	2,693	1,354	14,547	19,773	22,430	13,974	
50-54	1,466	2,120	2,359	2,120	11,992	17,127	20,637	18,582	
55-59	1,480	1,481	1,943	2,265	11,699	12,920	17,154	19,993	
60-64	1,466	1,181	2,121	1,911	11,620	9,989	18,051	16,364	
65-69	1,311	1,167	946	1,928	10,317	9,273	8,301	16,114	
70-74	1,067	1,098	730	1,523	8,160	9,032	6,237	13,081	
75-79	837	1,036	542	511	6,173	7,817	4,372	4,560	
80-84	723	849	270	285	4,294	5,797	2,263	2,532	
85+	668	1,040	720	608	3,434	5,625	4,832	4,643	
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Total	27,557	28,911	27,726	26,638	229,440	243,374	237,085	230,881	
BROAD POPULATION AGE GROUPS: # of residents									
0-19	6,840	8,162	8,385	6,401	57,530	66,163	65,638	51,658	
20-34	5,324	3,468	3,597	5,053	52,824	37,036	34,980	45,820	
35-54	7,841	9,429	8,472	6,153	63,389	79,722	75,257	56,116	
55-64	2,946	2,662	4,064	4,176	23,319	22,909	35,205	36,357	
65+	4,606	5,190	3,208	4,855	32,378	37,544	26,005	40,930	
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Total	27,557	28,911	27,726	26,638	229,440	243,374	237,085	230,881	
BROAD POPULATION AGE GROUPS: % of residents									
0-19	24.8%	28.2%	30.2%	24.0%	25.1%	27.2%	27.7%	22.4%	
20-34	19.3%	12.0%	13.0%	19.0%	23.0%	15.2%	14.8%	19.8%	
35-54	28.5%	32.6%	30.6%	23.1%	27.6%	32.8%	31.7%	24.3%	
55-64	10.7%	9.2%	14.7%	15.7%	10.2%	9.4%	14.8%	15.7%	
65+	16.7%	18.0%	11.6%	18.2%	14.1%	15.4%	11.0%	17.7%	
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Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: Metropolitan Area Planning Council, 3/17/03

Economic\Social\Popul

Table 4.

LABOR FORCE AND UNEMPLOYMENT: NEEDHAM & MA

Month	Year	Needham			MA	
		Labor Force	Employed	Unemployed	% unemployed	
March	2004	14,990	14,568	422	2.8	5.6
February	2004	14,997	14,563	434	2.9	5.8
January	2004	15,009	14,563	446	3.0	6.2
December	2003	15,016	14,593	423	2.8	5.4
November	2003	15,129	14,626	503	3.3	5.3
October	2003	15,114	14,595	519	3.4	5.4
September	2003	15,026	14,450	576	3.8	5.9
August	2003	15,309	14,774	535	3.5	5.8
July	2003	15,404	14,842	562	3.6	6.0
June	2003	15,385	14,796	589	3.8	5.9
May	2003	15,231	14,660	571	3.7	5.6
April	2003	15,198	14,688	510	3.4	5.7
March	2003	15,241	14,692	549	3.6	6.4

Source: MA DET. Not seasonally adjusted.

Table 5.

LABOR FORCE AND UNEMPLOYMENT: AREA TOWNS, MARCH 2004

Municipality	Labor force	Employed	Unemployed	% unemployed
Canton	11,652	11,217	435	3.7
Dedham	12,424	11,789	635	5.1
Needham	14,990	14,568	422	2.8
Norwood	15,975	15,242	733	4.6
Westwood	7,304	7,084	220	3.0

Five towns	62,345	59,900	2445	3.9

Source: MA DET. Not seasonally adjusted.

5/19/2004
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Table 6.

LABOR FORCE COMPARISONS, 2000

INDUSTRY	Employees by place of:		Net out-commuting		MA avg wage
	Residence	Work	#	%	
Total employed	13,872	19,049	-5,177	-37.3%	\$44,976
Misc services	700	1,985	-1,285	-183.6%	\$24,731
Retail trade	1,210	1,729	-519	-42.9%	\$24,794
Arts, entertain, food service	533	1,153	-620	-116.3%	\$28,088
Agriculture, fishing, forestry	0	26	-26	100.0%	\$31,625
Transport, warehousing, utilities	226	256	-30	-13.3%	\$34,767
Education, health, social services	3,738	2,820	918	24.6%	\$40,913
Public administration	393	1,238	-845	-215.0%	\$40,928
Construction	495	1,029	-534	-107.9%	\$50,797
Manufacturing	945	1,387	-442	-46.8%	\$54,451
Wholesale trade	431	1,411	-980	-227.4%	\$61,871
Information	748	1,109	-361	-48.3%	\$66,752
Professional, scientific, mgmnt	2,790	3,848	-1,058	-37.9%	\$74,589
Finance, insurance, real estate	1,663	1,058	605	36.4%	\$87,572

Source: By residence: US Census of Population, 2000

By place of work: MAT DET 2001. Categories omit about 1,000 jobs.

May 21, 2004

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Table 7.

EMPLOYMENT & WAGES ANALYSIS: NEEDHAM

Economic Sector	Massachusetts		Needham				
	Average wage	Proj 2 yr Growth	Jobs in Needham		Jobs/1000 population	Location index	Aggregate Payroll*
			#	%			
Professional, technical	\$74,589	19.9%	3,102	16.3%	107.3	279%	\$231.38
Health care, social services	\$35,971	23.1%	2,647	13.9%	91.6	142%	\$95.22
Retail trade	\$24,794		1,729	9.1%	59.8	106%	\$42.87
Construction	\$50,797	3.6%	1,411	7.4%	48.8	223%	\$71.67
Wholesale trade	\$61,871		1,387	7.3%	48.0	216%	\$85.82
Government total	\$40,928	-7.3%	1,238	6.5%	42.8	66%	\$50.67
Admin & waste services	\$30,323		1,111	5.8%	38.4	145%	\$33.69
Information	\$66,952	4.6%	1,109	5.8%	38.4	218%	\$74.25
Manufacturing	\$54,451	-4.5%	1,029	5.4%	35.6	58%	\$56.03
Accommodation, food services	\$16,185	8.8%	953	5.0%	33.0	88%	\$15.42
Other services	\$24,731	3.9%	874	4.6%	30.2	171%	\$21.61
Management	\$66,562		746	3.9%	25.8	228%	\$49.66
Finance & insurance	\$87,572	0.5%	589	3.1%	20.4	71%	\$51.58
Real estate, rental, leasing	\$43,237		469	2.5%	16.2	230%	\$20.28
Transportation, warehousing	\$34,767	7.8%	250	1.3%	8.6	71%	\$8.69
Arts, entertainment, recreation	\$28,088		200	1.0%	6.9	106%	\$5.62
Education services	\$40,913	23.1%	173	0.9%	6.0	34%	\$7.08
Ag, forestry, fishing, hunting	\$31,625		26	0.1%	0.9	89%	\$0.82
Utilities	\$76,826	7.8%	6	0.0%	0.2	11%	\$0.46
Mining	\$47,084		-	0.0%	0.0	0%	\$0.00
Private sector total	\$45,562		18,580	97.5%	642.7	126%	\$903
All sectors total	\$44,976		19,049	100.0%	658.9	128%	\$923

Wages based on mix						Average wage
Private total	\$45,562					\$48,575
All sectors total	\$44,976					\$48,444
Mix factor	1.00					1.08
Actual wages	\$44,976					\$55,827
Location factor	1.00					1.15
Population 2000	6,349,097				28,911	

* "Payroll" = (MA wage X local employees)/1,000,000.

Jobs & Wages from MA DET 2001 Annual Averages.

"Location index" = (local jobs/pop rate) / (state jobs/pop rate).

Projected growth: New England Economic Partnership, per *Boston Globe* 4/20/04

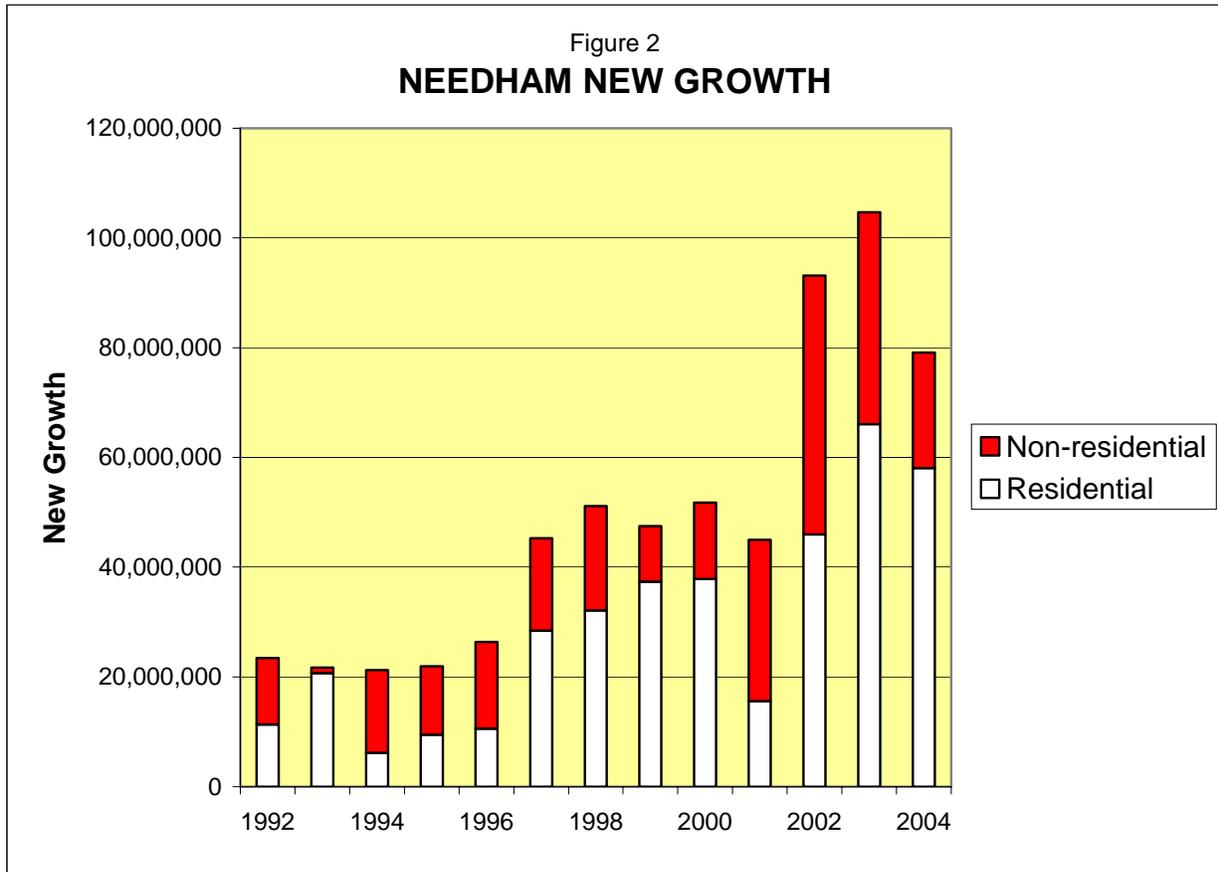
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Needham\Economic\Det-2001

Table 8.
NEW GROWTH ANALYSIS: NEEDHAM

FY	Residential New Growth Value	Residential Growth Applied to Limit	Total New Growth Value	Non-Residential New Growth	Total New Growth Applied to Limit	Resid as % of Total NG Value	Prior Year's Levy Limit	Total Applied NG as a % of Prior Year Levy Limit
1992	11,341,200	117,608	23,449,259	12,108,059	270,290	48.36	31,261,903	0.86
1993	20,673,545	249,736	21,737,787	1,064,242	264,316	95.10	34,257,826	0.77
1994	6,193,687	78,350	21,217,475	15,023,788	301,453	29.19	35,378,588	0.85
1995	9,499,607	127,200	21,947,348	12,447,741	330,845	43.28	36,564,506	0.90
1996	10,535,564	146,971	26,357,198	15,821,634	473,688	39.97	37,809,464	1.25
1997	28,443,492	371,472	45,251,232	16,807,740	734,015	62.86	39,228,389	1.87
1998	32,106,186	414,812	51,112,611	19,006,425	822,120	62.81	41,492,045	1.98
1999	37,373,800	495,203	47,504,030	10,130,230	712,496	78.68	43,351,466	1.64
2000	37,834,059	487,303	51,774,205	13,940,146	777,259	73.08	45,147,749	1.72
2001	15,574,390	183,155	45,008,499	29,434,109	738,871	34.60	47,053,702	1.57
2002	45,989,959	554,639	93,167,601	47,177,642	1,460,450	49.36	48,968,916	2.98
2003	66,057,594	698,889	104,689,959	38,632,365	1,435,608	63.10	51,653,589	2.78
2004	58,065,792	534,786	79,120,920	21,055,128	917,568	73.39	54,380,537	1.69

Source: MA DOR DLS/Municipal Databank

Economic\New Growth.xls



REVIEW OF EARLIER STUDIES

Needham's interests in economic development are clearly and consistently reflected in planning studies carried out in the recent past, and even in those conducted many years ago. While the Town's intentions differ in the weight they give to these goals in different locations, they consistently reflect all of them.

- Fiscal benefits gained through increasing the tax base;
- Job opportunities, especially for local residents;
- Convenient provision of goods and services, improving the local quality of life;
- Enhancement of the appearance and character of the community; and
- Avoidance of negative impacts on surroundings, especially residential ones.

NEEDHAM CENTER

Planning Studies, 1983 described Needham Center as being “the symbolic ‘Capital’ of the community, the Town’s most universally used service center, and an important source of jobs and taxes.”² For those reasons, much of the Town’s planning effort over the years has focused on that area, especially stressing its appearance and character. A 1988 study listed as the initial goal for the Center to “sustain and support the economic potential of Needham Center as a local downtown shopping and business district,”³ emphasizing its role as primarily a local rather than region-serving center, followed by goals for improvements to physical character and protection of the surrounding residential community.

A recent set of four MIT graduate student plans for Needham Center emphasized complementary goals in their schemes⁴:

- Darlene Gallant et al, emphasizing the Center as a place for social exchange;
- Shaun Debenham et al, emphasizing an improved quality of life for all involved;
- Ursula Hester, emphasizing affordable housing;
- Bonnie Campbell et al, emphasizing visual character.

² Needham Planning Board, Russell Burke, Planning Director, Philip B. Herr & Associates, Planning Consultants. *Planning Studies 1983*.

³ Wallace, Floyd, Associates, Inc., *Land use, Zoning & Traffic Study, Needham Center*, 1988.

⁴ Plans by students taking 11.360 Community Growth and Land Use Planning Fall 2003 with Professor Terry Szold:

- Gallant, Houston, Kohr, Leatherbee, Misiak, and Wang, “Rediscovering Needham.”
- Debenham, Geertsma, Lieberman, McKay, Ravin, Shorett, Su, and Whittemore, “Strategic Land Use plan for Needham Center: Vision for a Contemporary Village.”
- Ursula Hester, Raymond Hodges, David Masenten, David Ritchay, and Eric Simonton, “Strategic Plan for Needham Center.”
- Bruce Campbell, Jeff Hebert, Chris Hodges, Jeff Levy, Carlos Martanez, Andrew Port, and Alexandra Reitman, “Needham Center Plan.”

It is striking that housing as a component of the Center was explicitly opposed in the 1983 plan reviewed, not mentioned in the 1988 plan, and was perhaps the centerpiece of interest in the 2003 student plans. Community understanding and values have changed.

The area considered in studies of Needham Center has commonly included not only the core area within easy walking distance of Town Hall and also the related but distinct area along Chestnut Street to Needham Junction, but not the related area from May Street to Rosemary Street. Each of those related areas appropriately have goals and strategies similar to those for the core Center area, but with less reliance on pedestrian movement. The block from May Street to Rosemary Street is the only remaining business district that has not been reexamined and updated in the last 15 years, so deserves such an effort in the near future.

NEEDHAM HEIGHTS

Needham Heights plays a different role from Needham Center, so not surprisingly its goals and strategies differ. The 1992 “Highland Avenue Planning Project” report cited as intentions:

- “- Build on the Avery Square neighborhood focus.
- Encourage development which serves the neighborhood rather than the region.
- Encourage pedestrian orientation, scale consistent with the neighborhood.
- Match development intensity to tolerable traffic levels.
- Protect integrity of residential premises in the vicinity.”⁵

Regulatory changes adopted as a result of the plan included some now called “smart growth:” broadly allowing residences in a business district, setting **maximum** setbacks as well as minimums, and a prohibition on front yard parking. Other such rules now that were proposed but not adopted include **maximum** limits on parking in relation to floor area, and floor area ratio limits based on trip generation levels. That area is now far more consistent with the original goals than it was then, illustrating the value of such changes.

SMALLER NEIGHBORHOOD BUSINESS AREAS

Three small business-zoned areas exist: Bird’s Hill, South and Fisher Streets, and Central Avenue and Reservoir Street, the latter also having a small area industrially zoned. They contain a mix of neighborhood-serving businesses and other businesses primarily serving a wider area. The convenience offered by such areas is a major value, and neighborhood compatibility is a major concern.

⁵ Goody, Clancy & Associates, Inc., “Highland Avenue Planning Project,” Herr Associates for the Highland Avenue Task Force, 1992.

NEW ENGLAND BUSINESS CENTER
MIXED USE 128
HIGHLAND CORRIDOR - 128

These three areas were the subject of a recent major planning study⁶ which has resulted in substantial regulatory change, all based upon clearly stated goal priorities: “The overarching goal of the plan is to unlock the site’s economic potential and create significant benefits for town residents, business and property owners, and employees⁷.” The site’s location straddling a Route 128 interchange and its history as a regional ground-breaker in suburban industrial park development make its region-serving rather than local-serving orientation virtually inevitable. The designer’s see it as a major “win” for all parties. For the economic activities towards which it is oriented, largely office and R&D, this location is essentially non-competitive with Needham Center, Avery Square, or other Needham locations. It is a potentially powerful fiscal benefactor for the Town, and even has the potential of enhancing traffic conditions relative to those expected without the project.

The largest disparity between town actions and the consultant’s report is with regard to the consultant’s proposal that the Wexford/Charles area include multifamily housing along the Charles River, a provision that was not included in the package of rezoning approved by Town Meeting, but for which there remains support among some within the Town, as well as some firm opposition.

GOULD STREET

Gould Street, like the New England Business Center District diagonally across Route 128, enjoys highway visibility and access and the goals that Needham seeks from it not dissimilar, though the stakes are smaller. A 1967 rezoning study spoke of “tax-beneficial development” and seeking to “ensure that new activities will be good neighbors in this compact vicinity⁸.” *Planning Studies 1983* noted that “Gould Street will require ...a balance between economic development objectives and those of preserving and protecting residential areas⁹. A 1986 study of the area quoted that same language and outlined an array of options for recoiling infrastructure and other concerns¹⁰.

⁶ Goody, Clancy & Associates, *Needham Business Center, Highland Avenue Corridor, & Wexford/Charles Street Industrial District*, June 2001.

⁷ *Op cit*, page 3.

⁸ Herr Associates, “Rezoning at Highland Avenue – Gould Street,” for the Needham Planning Board, 1967.

⁹ Russell Burke *et al*, *op cit* page 3.6-2.

¹⁰ Lozano, White and Associates, Inc., *The Gould Street Area: Policies for Controlling Future Development*, for the Needham Planning Board, 1986.

SMALLER INDUSTRIAL AREAS.

Two small industrial areas exist outside of the areas cited earlier: one on Highland Avenue south of Gould Street, the other along Crescent Street off of West Street. They contain chiefly small businesses, many serving the immediate region. As with Gould Street, the dominant objectives are surely tax beneficial development and protection of nearby residences and the environment.

RESIDENTIAL ECONOMIC DEVELOPMENT

It is widely understood that in most cases multi-family housing is fiscally positive in communities such as Needham since its occupants seldom include many school children. That relationship has been cited as a motivation for land use control in Needham for many years, including in the 1966 *Town of Needham Master Plan Report*¹¹. Multi-family housing is a case where, as with Needham Center, the Town's interests with regard to economic development coincide with its interests in housing: adding multi-family to the mix of uses in the Center (and at a number of other transit-related locations) would benefit both housing diversity and the Town's fiscal circumstances.

It is less widely recognized that many single-family homes are also fiscally positive. In communities such as Needham, the cost of community services supported by property taxes (about 2/3rds of the total) has commonly been found to exceed the taxes paid by a single-family home by about 10%, both as reported in the literature¹² and as found in our own fiscal studies¹³. The average assessed value of a single-family home in Needham for FY2004 is \$555,000, very close to the reported median sales price, as well¹⁴. That suggests that new homes selling for more than about \$615,000, as is common, are on average paying more in taxes than the cost of property tax-supported services to them¹⁵. Expensive homes are in fact important to the fiscal health of this community. On that score, housing interests and economic development interests are not in such easy accord as with multi-family housing.

POLICY AND STRATEGY OVERVIEW

To no surprise, this analysis essentially corroborates the appropriateness of earlier-held goals and directions. Recapitulating, the goals evidenced in earlier studies are still appropriate now: to seek:

¹¹ Shurcliff & Merrill, January 1966, pages 28-35.

¹² Commonwealth Research Group, Inc., "Cost of Community Services in New England," commissioned by the Southern New England Forest Consortium, Inc., Chepachet, RI, 1995.

¹³ Herr Associates, *Evaluating Development Impacts*, for the MIT Department of Urban Studies & Planning, 1991.

¹⁴ The Warren Company website.

¹⁵ Often overlooked in the quick math comparing the cost of educating one child and the taxes from one house is that in 2000 the US Census found that only 37% of Needham households contained a child under 18, so an even smaller fraction actually had such a child enrolled in school.

- Fiscal benefits gained through increasing the tax base;
- Job opportunities, especially for local residents;
- Convenient provision of goods and services, improving the local quality of life;
- Enhancement of the appearance and character of the community; and
- Avoidance of negative impacts on surroundings, especially residential ones.

Seldom does the spatial organization of business areas so clearly reflect the eras and routes of transportation as is now the case in Needham. Nearly all of the business areas in Needham are strung like beads on a necklace, with the connecting strands being the railroad lines from the early 19th century. The major exception is the New England Business Center and the adjacent Highland Commercial-128 and Mixed Use-128 areas. Those exceptions owe their potency to location at an interchange on the Post-World War II expressway network. Although the salience of the rail network is now diminished compared with its heyday, it remains an important element in a sound economic development strategy for Needham, providing multiple opportunities for mixed-use transit-oriented development consistent with the emerging policies of the 21st century. If a new Green Line extension from Newton Highlands to Avery Square, as advocated by some in Newton, were to actually come to fruition it would add many of the Needham properties east of the Charles to the potentials for transit-oriented development.

The Town's spatial economic structure is clear. Needham Center is of unparalleled importance as the Town's center for sales and services, but in the past it has not sought to take on a larger regional role (though happy to contain some region-serving businesses). A major shift is now under consideration for the Center with the potential addition of housing as an important ingredient in the mix. The further pursuit of this residential option, which is common to both the housing and economic development elements, clearly belongs in the Town's strategic approach.

The New England Business Center and its adjoining areas are of unparalleled importance in the Town's fiscal future. They could be the economic engine which enables the Town to escape the pattern of severe fiscal constraints with which it is now struggling. The tools for realizing the planning vision appear to be in place, with the possible exception of provisions for housing, if that direction were to be chosen. The region's economic downturn has been a sufficient explanation to date for the lack of development response to the Town's recent past actions. However, it will be important to carefully monitor the relationship between development activity in Needham and the likely regional economic recovery over the next few years in order to detect if there are presently unseen impediments to actually achieving the Town's vision for this salient business area.

Needham Heights a decade ago was a model of appropriate public actions for a transit-oriented neighborhood center. Revisiting the planning done earlier to initiate possible refinements would now be appropriate as a follow-on to earlier planning success there.

The remaining smaller business areas collectively are an important component of the Town's fiscal circumstances. They are also valuable as locations for local entrepreneurs either unable to compete or inappropriate in Needham Center or the New England Business Center context. They are also of great importance in serving the goal of protection of the residential and environmental contexts in which these businesses are located.

To assure continuation of the economic benefits of Needham's residential sector it is important to simply do that which would be done in any case in assuring a quality context for homes in Needham, and further to support the initiatives being made to expand the opportunities for multi-family dwellings at locations where they are most appropriate, such as where a compact form of housing relates well to existing business centers and to public transportation.

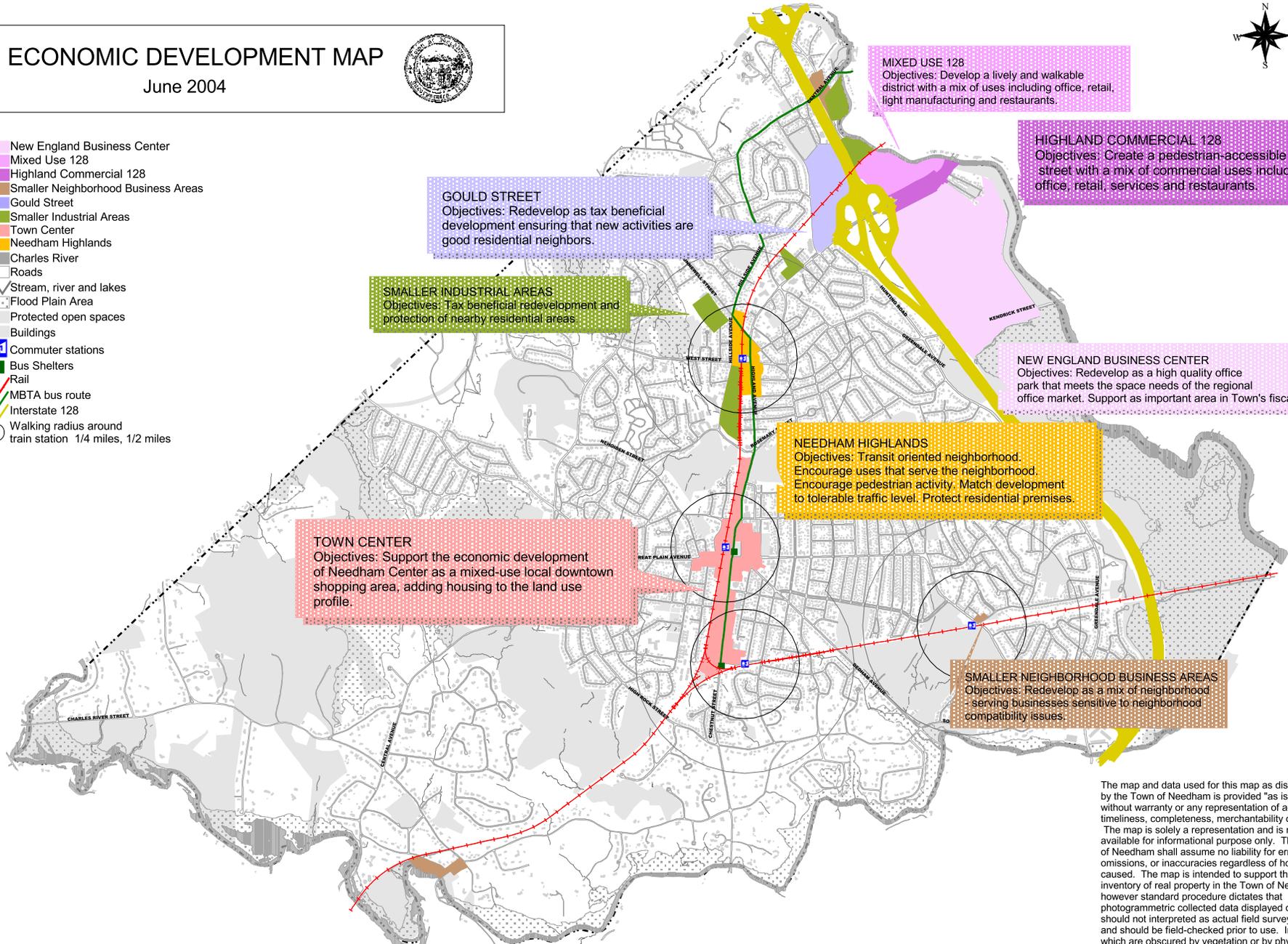
Economic Element

ECONOMIC DEVELOPMENT MAP

June 2004



- New England Business Center
- Mixed Use 128
- Highland Commercial 128
- Smaller Neighborhood Business Areas
- Gould Street
- Smaller Industrial Areas
- Town Center
- Needham Highlands
- Charles River
- Roads
- Stream, river and lakes
- Flood Plain Area
- Protected open spaces
- Buildings
- Commuter stations
- Bus Shelters
- Rail
- MBTA bus route
- Interstate 128
- Walking radius around train station 1/4 miles, 1/2 miles



TOWN CENTER
 Objectives: Support the economic development of Needham Center as a mixed-use local downtown shopping area, adding housing to the land use profile.

GOULD STREET
 Objectives: Redevelop as tax beneficial development ensuring that new activities are good residential neighbors.

SMALLER INDUSTRIAL AREAS
 Objectives: Tax beneficial redevelopment and protection of nearby residential areas.

NEEDHAM HIGHLANDS
 Objectives: Transit oriented neighborhood. Encourage uses that serve the neighborhood. Encourage pedestrian activity. Match development to tolerable traffic level. Protect residential premises.

SMALLER NEIGHBORHOOD BUSINESS AREAS
 Objectives: Redevelop as a mix of neighborhood serving businesses sensitive to neighborhood compatibility issues.

MIXED USE 128
 Objectives: Develop a lively and walkable district with a mix of uses including office, retail, light manufacturing and restaurants.

HIGHLAND COMMERCIAL 128
 Objectives: Create a pedestrian-accessible street with a mix of commercial uses including office, retail, services and restaurants.

NEW ENGLAND BUSINESS CENTER
 Objectives: Redevelop as a high quality office park that meets the space needs of the regional office market. Support as important area in Town's fiscal future.

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Made by : S. Strasser, Town of Needham
 Source : MASSGIS, Town of Needham

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