I. Program Purpose

The Transformative Development Fund was created within the Massachusetts Development Finance Agency (“MassDevelopment”) pursuant to M.G.L. Chapter 23 §46, which defines “Transformative Development” as “redevelopment on a scale and character capable of catalyzing significant follow-on private investment, leading over time to transformation of an entire downtown or urban neighborhood, and consistent with local plans.”

The Fund will support a new initiative within MassDevelopment, “The Commonwealth Gateway Cities Transformative Development Initiative” (“TDI”). TDI seeks to enhance local public-private engagement and community identity; stimulate an improved quality of life for local residents; and spur increased investment and economic activity by utilizing the specific new tools in the Transformative Development Fund. TDI is an integrated systems approach to investment and urban redevelopment on a scale that can amplify and accelerate revitalization. Building on MassDevelopment’s legacy of investments within Gateway Cities and expertise in effecting long-term revitalization, TDI focuses on linking and leveraging these investments (and partner investments) to catalyze follow-on investments and activities.

Program Framework

TDI Guidelines (the “Guidelines”) are organized around three distinct programs authorized by the Legislation:1 a “Technical Assistance Program” through which MassDevelopment will award grants to Gateway Cities to pay for third-party professional services managed by the MassDevelopment and community building placemaking projects; a “Fellows Program” through which professional staff will be embedded in Gateway Cities to assist them in capacity-building; and an “Equity Investment Program” through which MassDevelopment will make equity investments.

Each of these programs is rooted in three principles that MassDevelopment considers critical to successful redevelopment:

- **Local collaborative partnerships**: Development success comes from strong partnerships and people, as the connective tissue that establishes a vision, links resources to ideas, and moves projects forward over sustained periods. TDI will encourage the establishment and strengthening of public/private partnerships involving multiple stakeholders, and encourage structural governance adjustments to provide for long-term thinking and planning, as well as incentives for effective shorter-term implementation to get the district activity moving.

- **Strategic focus**: The program will be a place-based redevelopment initiative focused on strategically-located districts. As MassDevelopment has seen from its experiences, isolated investments do not automatically spur additional growth, but those that are co-located within districts that enjoy inherent physical assets tend to see additional activity by neighboring land owners, local entrepreneurs, and additional private development. The district framework allows for an intentional focus on clustering of activity. The district can include multiple property use

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1 At its August 14, 2014 meeting, the MassDevelopment Board of Directors adopted guidelines for the collaborative workspace portion of TDI. Accordingly, those provisions are not addressed in the Guidelines.
types, but should be small enough such that it is not the entirety of a residential neighborhood or commercial downtown.

- **Community engagement**: TDI seeks to support capacity and provide funding tools that will reinforce and support local community engagement. By building on local assets and activities to support communities, MassDevelopment can stimulate internal and external investments that allow communities to engage with and enjoy the benefits of those investments.

### II. Definitions

“TDI District” means a geographic area that is a contiguous neighborhood, characterized by a primary land use (i.e. downtown main street, residential, light industrial), but defined by a walkable, dense, mixed-use physical environment (five minute walking radius) framed by recent public or private investments. The TDI District may also include ‘hinge’ areas (a block, intersection, gateway) that have had flat activity, blight, and/or sites and buildings that are underutilized despite proximate investments.

“TDI District in Development” defines the TDI Districts selected by MassDevelopment’s shortlisting process during an open competition for all Gateway Cities for TDI Technical Assistance and Equity Investments.

“TDI Pilot Districts” defines districts that will be further identified in the competition to receive the initial class of Fellows.

“TDI Equity Investment” is defined as an investment that results in MassDevelopment holding a controlling ownership interest in any company; a membership interest that constitutes controlling voting rights in any company; a controlling interest in real estate or other assets; a transaction that in substance falls into any of these categories even though it may be structured as some other form of business transaction; and an equity security.

“TDI Fellow” is a person with professional expertise in economic development, employed by MassDevelopment, who is selected to enhance the activities of TDI in the Gateway Cities, following a work plan designed by the Local Collaborative Partnership and MassDevelopment.

“Gateway City” is defined in section 3A of chapter 23A.

“Local Collaborative Partnership” is the public-private partnership that will be the lead agent in directing the work in a locally nominated district. This is a community partnership with representation from at least three sectors - the City, private (e.g., local businesses, business organizations, financial institutions, major employer), and non-profit (e.g., community development corporation, social service agency, university, and including stakeholders addressing the local lower income workforce challenges). The Local Collaborative Partnership will commit to a long-term engagement to implement a vision for district revitalization. The partnership can have a formal or informal governance structure, and be existing or new.

“Placemaking Grant” means a $1,000-$10,000 grant supporting a particular small-scale project proposed for a visible public area of the TDI District that provides community engagement and helps build community identity while supporting public-realm improvement.

“TDI Technical Assistance” means supportive activities to enhance redevelopment focus in a TDI District in Development or TDI Pilot District and its surroundings. TDI Technical Assistance may include
focused economic development strategy support, industry analysis, marketing/communications to strategic markets, as well as community building activities that may occur in and around district development activities.

“Transformative Development” means redevelopment on a scale and character capable of catalyzing significant follow-on private investment, leading over time to transformation of an entire downtown or urban neighborhood in a way consistent with local plans. Transformative Development may involve major investment in construction, rehabilitation, and adaptive reuse, or multiple smaller investments on a sustained basis.

III. Call for TDI Districts Process

TDI will provide a transparent and equitable process similar to a request for expressions of interest, called the ‘Call for TDI Districts.’ This application process is designed to:

- Provide a new framework for cities and private entities to form lasting relationships and consensus around district development priorities.
- Solicit relevant information on net new capacity needs to support the district implementation.
- Organize the district pipeline to identify MassDevelopment or partner tools that could help accelerate development at the specific level of need.
- Provide visibility for distinct areas of opportunity in Gateway Cities.

The submission process will create an even playing field for all Gateway Cities to compete for resources available under TDI as described below. The final deployment of TDI tools will be responsive to this process and these districts. MassDevelopment will continue to support redevelopment activities in other areas of Gateway Cities through its other programs.

The “Call for TDI Districts” will enable MassDevelopment to identify TDI Districts in Development and TDI Pilot Districts and will require applicants to:

- Identify the ‘Local Collaborative Partnership’ to indicate how the partners have worked together in the recent past, and how they will support the implementation of the district through work effort and/or contributions. Additionally, the Partnership must designate an official ‘Public’ lead, ‘Private’ lead, and all supporting members.
- Identify a proposed TDI District, and describe its characteristics and any planning efforts, community involvement, public and private investments, and other information relevant to the District’s potential for redevelopment and alignment with program criteria.
- Submit information that outlines the community’s capacity needs in order to formalize the specific features of the Technical Assistance and Fellows Programs.
- Identify potential opportunities for redevelopment projects, challenges faced by these projects, and ongoing community-based economic growth in the District.

The next steps to identify the Districts in Development, once initial ‘call’ submissions are received, are:

1. MassDevelopment convenes a Review Committee to create a shortlist of 8-10 Districts in Development based on the criteria listed below.

The Review Committee will include representatives of public- and private-sector stakeholders with knowledge and experience about sustainable redevelopment strategies.
In addition to the threshold principles of Local Collaborative Partnership, Strategic District Focus, and Community Engagement, the following are district-level criteria the Review Committee will consider when evaluating Gateway Cities’ applications.

- Area/Scale of District – walkable within five-minute radius
- District Character- Downtown Main Street, Residential with Neighborhood Retail, Transit Oriented Development, Light Industrial, Innovation or Cultural District Anchored by an Institution
- District focus opportunity for concentrated redevelopment activity in a ‘Hinge’ area within the District
- Prior and pending MassDevelopment and partner public and/or partner/private investment (i.e., MassWorks, grant funded open space, college expansion) in and near District
- Persistently low property tax growth, flat market – few real estate transactions/year
- Vacancies (commercial and residential greater than 20%, storefront commercial/retail underutilized/vacant and/or inactive uses greater than 40%)
- The need to facilitate the introduction of realistic market uses that are lacking in district (neighborhood retail such as a grocery store and/or new companies that would be suited to a district)
- Existing zoning/visioning plans that enable district implementation to happen
- District serves diverse populations (cultural, economic, and social; demographics)
- Existence of governance frameworks among and between Local Collaborative Partnerships that enable long-term district support
- Existence of significant challenges to redevelop (outside of project economics) including having sustained negative perception of area
- District has regional significance and visibility, containing unique physical assets (i.e., historic properties, valuable infrastructure, good housing stock)
- Evidence of and plan for ongoing community engagement and participation in district implementation
- Evidence of and plan for ongoing landowner participation and consultation in district planning
- Consistent with economic-development priorities of the Commonwealth

2. MassDevelopment staff conducts site visit and works with Local Collaborative Partnerships in selected TDI Districts in Development to coordinate and refine districts and needs:

   a. Refine district core and influence zones through a site visit by MassDevelopment staff.
   b. Identify ‘hinge’ areas within the district where there are opportunities for better reutilization, including properties that have sat underutilized despite recent investments.

3. MassDevelopment convenes Review Committee to select 3-5 Pilot TDI Districts from 8-10 TDI Districts in Development for Fellows placement:

   a. Review Committee is reconvened to update on progress for Districts in Development and consider cities for pilot year Fellows program.
   b. TDI Districts in Development that have provided clear demonstrated need for additional person resource capacity, and definable workplan and Local Collaborative Partnership commitment, will be shortlisted for consideration for a Fellows Matching process.

4. MassDevelopment convenes and hosts a ‘Fellows Matching Pitch Night’:
a. MassDevelopment preselects pool of Fellows that match the Local Collaborative Partnership identified expertise needs of the proposed Pilot TDI Districts.
b. MassDevelopment hosts an event during which Fellows pitch their expertise and Local Collaborative Partnerships pitch their workplans. Each group rates preferences for the other.
c. Subsequent interviews follow with the top two Fellows for each District.
d. Top three matches will be finalized as the Pilot Districts.

5. **Placemaking Grants Program**

At the same time as the Call for Districts, Local Collaborative Partnerships will have the option to apply for a “Placemaking Grant” that will enhance activities in the district and help support further community engagement and activity. These will be $1,000-$10,000 grants supporting particular small-scale projects proposed for and taking place in visible public areas of the TDI District that provide community engagement and help build community identity while supporting public realm improvement. Examples of Placemaking projects include but are not limited to pocket parks, pop-up stores, community gardens, and farmers’ markets.

a. A Local Collaborative Partnership may apply for a Placemaking Grant at the same time as a Call for Districts submission.
b. All Placemaking Grant applications submitted will be posted and evaluated by all other submitting Local Collaborative Partnerships through an on-line process, separate from the review process outlined above for the Districts.
c. Local Collaborative Partnerships will then vote/rank their favorite projects (outside of their own).
d. Final selections will be made based on Local Collaborative Partnerships preference voting. Grants from $1000-$10,000 may be awarded to successful applicants for implementing placemaking projects.

IV. **TDI Technical Assistance Program**

Under its TDI Technical Assistance Program, MassDevelopment will offer Gateway Cities Districts in Development a range of planning and development services to help build capacity and set economic development strategy. Additional existing MassDevelopment Real Estate Technical Assistance and predevelopment services and lending tools, customized to the particular conditions of the district and district’s economic development strategy, will complement the new tools for working with all Districts in Development.

The TDI Technical Assistance Program is available to supplement local resources to assist in the following areas:

- Convening Local Collaborative Partnership team regularly to facilitate sustained strategic focus
- Engaging other state, federal, and regional resources as additional partners in the work
- Marketing feasibility analysis and strategic market implementation for the district
- Assisting with community engagement, placemaking, and jumpstarting district activity
- Conducting industry analyses and supporting data development
- Enhancing focused workshops targeted to District in Development identified needs
- Supporting technology integration projects that relate to district development
- Supporting technical development and reuse analyses for building projects and identified sites
- Consulting services on best practices for regulatory/governance frameworks
• Supporting specialized district support consultant services for placemaking, special events, collaborative workspaces feasibility, increased retail programming, marketing/communications, and technology projects

V. **TDI Fellows Program**

The TDI Fellows Program seeks to enhance economic development capacity at the local level by bringing new professional resources into a community to effect catalytic changes and propel development. The Fellows will be embedded in their host communities and will benefit by having a connective infrastructure to existing local and regional economic development activities. The Fellow will also serve as an extension of MassDevelopment’s regional teams and an active part of a collaborative cohort of Fellows identified through the program. The Fellow will work to connect community organizations with the local business community and community-building activities to increase sustainable long-term economic development. Each Fellow’s specific work plan will be outlined in a memorandum of agreement between the Local Collaborative Partnership and MassDevelopment.

The TDI Fellows Program is a three-year commitment—one that would root valuable expertise at the local level in a time frame that is commensurate with redevelopment activities. Fiscal Year 2015 will serve as a pilot year for the Fellows Program, during which MassDevelopment will evaluate the length of commitment with the host agencies and the candidates.

**Primary Role: A Lead Community Organizer of Economic Development Strategy**

The Fellow will be a primary agent of economic development in the TDI District on behalf of the host community. In FY15 the Fellows Program will be limited to Pilot Districts selected by the process outlined above. Depending on the community, the Fellow may sit in the municipality or partner organization (CDC, EDC, etc.). Building on existing community-approved plans for redevelopment, and in parallel with or following an economic development strategic plan for the district, the Fellow will aid the municipality in providing additional expertise and leadership to a broad range of activities that will grow the economic base of the City, create jobs, and transform communities.

- Building Community Capacity (stakeholders, EDCs, CDCs, Redevelopment Staff)
- Identifying and incubating new partnerships, supporting existing relationships, and securing new resources for redevelopment
- Engaging the influencers, actors, entrepreneurs, and private businesses in district activities
- Acting as a conduit between private development and local organizations/influencers
- Providing information/data to private stakeholders and enabling better visibility of district/city opportunities
- Identifying and proposing new economic development tools that would benefit district development and other Gateway Cities
- Developing external relationships with the investment community and other cities that have direct corporate or social ties (sister city, primary immigrant national origin, or large corporation alternate sites)
- Serving as ombudsperson for championing the successful progress of projects and collaboration.

**Relationship to MassDevelopment**

The Fellow will be an employee of MassDevelopment based in the Gateway City identified during the screening and application process. The Local Collaborative Partnership would provide an appropriate and
professional office/working environment in one or more of the partnership’s workspaces. The Fellow would be connected to one of MassDevelopment’s regional offices and would be in touch with the Director of the Fellows Program to coordinate cohort-specific activities and participate in professional-development opportunities. Otherwise, the Fellow will report to the host organizations daily.

**Program Duration:**

This is a three-year commitment, pending final placement, community need, and Fellow interest. The Agency anticipates an annual identification of Fellows, leading to a maximum of three concurrent classes of Fellows.

**Inaugural Year Selection Process:**

During the process of refining districts and capacity needs, the cities will engage with MassDevelopment to clarify their desires for and the potential workplans for Fellows. Simultaneously, MassDevelopment will identify a candidate pool of applicants to the Fellows Program that represent a variety of backgrounds and expertise, suitable to the needs identified by the cities. Once the field of cities have been narrowed, and the field of candidates identified, MassDevelopment will work with the cities and Fellows to facilitate matching. MassDevelopment intends to identify Fellows and Pilot Districts/Cities by February 2015.

**Pilot Year Program:**

- February: Preliminary Month of Assignment in City
- March: Second Month Orientation
- April & October: Fellows Check In with Program Director-Workshop
- July: Mid-Year Conference & Check Ins with Local Collaborative Partnership & Fellow
- Full Year: Monthly Cohort Calls, Regional Team Meetings & Invitation to Professional-Development Activities

**Preferred Candidate:**

The Fellowship Program is best suited to people who have a minimum of 5-7 years of experience; a familiarity or experience on multiple sides of the development table (public and private sector); at least one role in urban redevelopment; and possess entrepreneurial enthusiasm for identifying issues and implementing new activities. Most importantly, Fellows will have an energetic community-building approach as well as a passion for small cities. The preferred candidate will also have some knowledge of a Massachusetts Gateway City (through personal or professional ties) or similar type of city. During the selection process, Fellows will be considered with respect to locational and/or workplan preferences, and/or interest in moving to a finalist city.

Fellows’ expertise will be matched to a city’s expressed capacity need (i.e., City A identifies capacity need for building up membership for chamber, and engaging more businesses, candidates screened to have business background and organizing capacity; City B identifies capacity need for recruiting retail, candidates screened for real estate development and retail experience).

**Application Process:**

- Fellow submits application and required supporting documents
• Fellow agrees to being part of a pool, matching process, including pitch, and may be asked to participate in site visits with MassDevelopment staff during the Districts in Development screening process.

Compensation Structure:
Final compensation will be considered in light of professional salary that would be enough to support the expertise of a mid-career professional relative to a salary commensurate with localized conditions.

VI. TDI Equity Investment Program

MassDevelopment will use TDI to make Equity Investments in properties that have the potential to spur Transformative Development in a Gateway City. Via the equity investment, MassDevelopment may hold a controlling ownership interest in a company; a membership interest that constitutes controlling voting rights in a company; a controlling interest in real estate or other assets; and an equity security. With respect to property acquired by MassDevelopment under TDI, MassDevelopment may pledge its ownership interest, physical assets held by the ownership entity, or any portion of the unanticipated gross revenue resulting from the investments of the TDI Fund to secure loans related to the development of a property.

MassDevelopment Analysis and Project Investment Selection

Based on the information gathered during the Call for Districts process, MassDevelopment staff will review potential projects identified for investment. They must meet the initial screening criteria identified below:

Screening Investment Projects

• Significant Economic Development Impact
• Consistency with Commonwealth and Strategic MassDevelopment Priorities
• Built Environment/District Impact (Visibility)
• Community Engagement in Success of Project/District
• Feasibility of Use Plan (Market Demand)
• Feasibility of Development (Cost & Capital Availability/Size of Fund)
• Project has otherwise significant hurdle to finance without TDI investment
• Ability to execute project soon to catalyze development in the district

After review of the screening criteria, and with ongoing due diligence and consultation with the collaborative city/private team, projects will be identified, structured, and negotiated for possible acquisition and development by MassDevelopment and its partners.

Final investment decisions will take into consideration detailed project information including:

• Review of projected investment budget and project pro forma, identifying any other components of the capital stack and financing assumptions
• Review of risk of rent/income recapture, resale assumptions, and risk-mitigation strategies
• Alignment with strategic business goals of MassDevelopment
• Outline of how the project will create follow-on investment (what strategy is in place)
• Confirmation that without the TDI Investment, the project could not otherwise go forward
VII. Other Requirements:

Pipeline Reporting

MassDevelopment will identify and maintain a list of redevelopment projects within Gateway Cities with the greatest potential to provide substantial local economic growth, job creation, neighborhood revitalization, or abandoned and underutilized property reuse. This pipeline report will map the breadth of opportunity across all Gateway Cities and document the need for ongoing investment in them. TDI will also outline the economic opportunities and marketable site uses at individual equity investments made as well as project the overall impacts of all pipeline developments under consideration. MassDevelopment will also describe current impediments facing redevelopment projects in the Gateway Cities, and outline particular policies and programs in place that provide technical assistance, financing options, permitting aid, or other incentives that could help to effect redevelopment.

Measurement and Evaluation

Since many of the key economic development objectives of the Fund and TDI will take years to achieve, early indicators will give a view into the potential benefit of the project, but will also provide data to stakeholders, community members, and other development interests who will use this information to make future decisions about the district, the city, and the region.

The TDI Program will use various in-person community engagement and new technologies to measure the impacts of any preliminary, short-term, and long-term activities at the project site and at districts adjacent to Pilot Districts. By the second and third years, MassDevelopment expects to be able to track additional district, municipal, and regional data to review progress.

Potential measures in one-, three-, and five-year increments include:

a. Improved Community Identity and Public Private Engagement
   i. New relationships and organizations, increased staff and budgets
   ii. New funding resources available and new programming initiated
   iii. More community events, more self-promotion, visibility in state-wide press
   iv. Increased consumer confidence
   v. Increases in voter turnout at local levels (sustained average)

b. Increased commercial activity/perception of safety and opportunities
   i. More visitors, increased parking receipts, more foot traffic on street
   ii. Increased sales to businesses, new leases, fewer vacancies, retained jobs
   iii. New residents, more activity in parks
   iv. New loan originations

c. Accelerated follow-on private investment capital
   i. Enhanced and renovated storefront/commercial spaces, increased local marketing
   ii. More building rehab/permits, new equipment, new buildings
   iii. More jobs (temporary and long-term), more workers, more companies
   iv. Increased local tax grand list
**Miscellaneous Requirements:**

MassDevelopment encourages applicants from all segments of the Commonwealth's communities in order to encourage diversity in TDI. In accordance with state law, organizations funded under TDI may not discriminate in their programs or staff and board membership on the basis of race, gender, religion, creed, color, national origin, disability, sexual orientation, or age.

Organizations funded under TDI must make reasonable accommodations to ensure that people with disabilities have equal physical, programmatic, and communications access as defined by federal law.

MassDevelopment retains the discretion to waive provisions of these guidelines if the project to be granted a waiver continues to meet the statutory eligibility criteria and the requested waiver is consistent with the public purposes of TDI.

Grant recipients under TDI must credit MassDevelopment in print, audio, video, internet, and other publicity materials that reference this program. Recipients may also be required to host project site visits by MassDevelopment staff and participate in interviews by MassDevelopment or its designees for monitoring and evaluation.