

**Gateway Cities Transformative Development Initiative [TDI] Guidelines
of the Massachusetts Development Finance Agency
Approved September 11, 2014
Revised September 2017**

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

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.

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 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.
- **Cross-cutting themes** identified as being core to the program framework and values include emphasis on implementation strategies supporting Equitable Development (inclusive local investment and ownership), Regional role refinement, and Identity building.

II. Definitions

“TDI District” means a geographic area that is a contiguous mixed-use 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. The TDI District has a ‘fuzzy’ boundary, such that the border defines focus but not limits of activity, and recognizes that there are concentric circles of involvement from the hinge core, to the district, and to the contributing areas (e.g. all of downtown).

“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 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 or TDI 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.

“TDI Local” is a small grants program initiated to pilot grants to help support local market development. These grants may range in focus from year to year, but can include placemaking, small business acceleration grants, and/or anchor employer engagement strategies. These small grants help support community engagement and help 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.

“TDI Affiliate” is a designated district, whose underlying data DNA matches those of a TDI Gateway City district, interested in following the ‘framework’ of the TDI Program, and eligible to participate in workshops and other simple platform benefits as designated by the TDI Program. The Affiliate could be a community not eligible to participate in the full program, or a District which has graduated from the program.

III. TDI District Timeline and Eligibility

The TDI Districts will receive staff support from MassDevelopment, as well as become eligible for a suite of services specific to TDI. These services include enhanced Technical Assistance. eligibility for the TDI Local small grants program, and eligibility for a TDI Equity Investment. Additionally, TDI Districts may be eligible for unique additional partner agency programs. Although the initial cohort of districts did not all have a TDI Fellow, this will be a core part of the program in all districts going forward.

Each District’s assistance is formalized into a Memorandum of Agreement between the TDI Partners and MassDevelopment. This MOA is structured to emphasize the shared values of the district, the collaborative working relationship between MassDevelopment and the partners, the initial workplan, and an outline of anticipated technical assistance efforts. This MOA also outlines expectations of the program in order to maintain ‘good standing’ status. The initial set of Districts had a three-year term (2015-8), and eligible for a one year extension. In the future, a District may have a term of two-four years depending on the workplan identified..

Depending on resources available, the program may offer one-year extensions to Districts in good standing that in their final year recognize the need for more time within the program. This extension opportunity will be workplan based, and may require matching funding identified for any additional resource allocation. The extension for existing Districts will follow the same ‘Call for Districts’ process and timeline, although the intake form will be tailored to the existing districts.

A TDI Affiliate will be a pilot in the 2017-18 Call for Districts process whereby districts could be considered from other communities that convey Gateway City district characteristics, but are otherwise not eligible. This is intended to test broadening the program’s reach and framework in new conditions without extending core services or offerings past eligibility.

IV. 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 Affiliates 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. Evidence is required to show that this district was ‘identified’ in a public process, and/or has been validated by a broader community than just the submitting partnership.
- 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.
Provide a vision for the district that is focused and strategic, and tied directly to the specific projects/workplan that the Partnership is considering for the district.
- If a TDI Affiliate applicant, the applicant will be asked to demonstrate that the core district economic and demographics are similar to a Gateway City District.

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

- 1. MassDevelopment previews the applications and provides an opportunity for the district to meet with regional and TDI Staff.**
- 2. MassDevelopment convenes a Review Committee to create a list of recommended Districts in Development based on the criteria listed below, which will be presented to the Board of Directors.**

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
- Evidence of broad support for District identification
- 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, and supports Regional economy (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, as outlined in the statewide economic development strategy *Opportunities for All*.
- Commitment to pursuing implementation strategies supporting all program principles.
-

3. MassDevelopment TDI staff conducts follow up site visit and works with Local Collaborative Partnerships in selected TDI Districts in Development to coordinate and refine districts and needs through a collaborative workplan:

- 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.
- c. Develop 4-6 month process of partnership development and workplan prioritization/sequencing.

4. MassDevelopment releases a ‘Call for Fellows’:

- a. MassDevelopment provides the district workplans to the potential job applicants and markets the Fellow opportunity
 - b. MassDevelopment interviews candidates to short list a ‘pool’ of candidates that are eligible to be MassDevelopment staff, and for matching with districts.
5. **MassDevelopment convenes and hosts a ‘Fellows Matching Day’:**
- a. MassDevelopment provides a format for partnerships and fellows to interview each other.
 - b. Partnerships and fellows are matched with their first choices as feasible.
6. **TDI Local Small Grants Program**

All Districts in Development will be eligible to apply for independent small grants programs yearly that apply to their stage of development and/or align with their efforts of placemaking and local market building. These have included placemaking, small business acceleration grants, the cohort project, and anchor employer engagement, but will adjust based to the needs expressed by the majority of the districts.

- a. Pending funding availability, MassDevelopment TDI Staff will put out a call for application to the small grants program on an annual basis
- b. Projects must align with envisioned workplans of the district, and/or are a result of Technical Assistance recommendations.
- c. MassDevelopment will convene an award committee to select the projects.
- d. The Cohort project is a placemaking project that enables the cohort to determine placemaking projects that are supportive of building community vibrancy and engagement.

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, focused on implementation. 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. It should be noted that the process of Technical Assistance, in itself, is a way to help shape relationships within the local collaborative partnership, and refine visions and strategies, as well as to help provide a useful and accessible roadmap.

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

- Planning and Redevelopment Strategy
- Small Business Ecosystem scan and Small Business growth strategy
- Strategic market development and implementation for the district
- ‘Test Fit’ strategic site development feasibility and real estate financial modeling
- Assisting with community engagement, placemaking, and jumpstarting district activity
- Anchor institution or employer engagement strategies
- Developing sustainability strategies and financing for Districts including MainStreets, Business Improvement Districts, DIF and Parking District Strategies
- Place-based marketing and branding support work
- Conducting industry analyses and supporting data development

- 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, partnership development (group dynamics to facilitation support), and organizational development support
- 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 commensurate with the timeline of the District—one that would root valuable expertise at the local level.. Fellows will be selected in late winter/spring just after the final Districts in Development are identified.

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. 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 TDI Partnership 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, but not in City Hall. 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.

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. Fellows are not required to live in the City, but are encouraged to do so.

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
- Review of fiscal impact of project and the anticipated related influenced projects.
- Alignment with strategic business goals of MassDevelopment, and the goals of the TDI District
- 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 Districts. These processes will include qualitative and quantitative measures

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.