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Getting To Cool: New Ideas In Economic Development Need Steady Hands To Succeed Achieving A Hot Spot Takes Years Of Planning

By Peter Abair

In economic development circles these days, being cool is the hottest thing. Increasingly, economic development programs are focusing on developing spaces that are attractive to young professionals – who, it is supposed, will be entrepreneurial, draw investment, attract more creative people and lead the next, greatest startup companies into the future, all while renewing urban spaces.

They'll also attract a lot of coffee shops. The concepts of this new urbanism have been advanced by Richard Florida, whose "Rise of the Creative Class" is just short of biblical material to many city planners. I recently spent a precious hour reading a "knowledge hotspots handbook," published by the European Union no less, which offers a multistep approach to developing "knowledge locations" in cities. The public sector has responded to the cool space concept with funding for incubators, tax incentives, venture-styled funds and mentorship programs. In New York, for example, Gov. Andrew Cuomo has led the creation of the "Innovation Hot Spot" program, which provides startup assistance and tax-free zones to new business ventures locating on or adjacent to state college and university campuses. Kendall Square in Cambridge is often cited as one of the hottest new cool spaces in the world. Its workforce is young and cosmopolitan. It's loaded with startup companies and has the highest concentration of biotech companies in the world, with tech companies like Google and Microsoft sprinkled in. But, not much more than five years ago, Kendall Square rolled up its sidewalks at 6 p.m. and it was a ghost town on weekends – not very cool at all. Prior to the incubators, restaurants and corn-hole toss contests at lunchtime, it was still a dynamic economic – but the cool came later.

Two Decades To Renewal

It's not that "hotspot" programs are destined to fail. Some will, some won't. In economic development, though, there are simply no magic fixes. Success is built over time, not overnight, and best delivered by consistent organization and strategy. Today's Kendall Square began to emerge from a wasteland of dilapidated 19th century factory buildings and empty lots only after 20-plus years of urban renewal programs administered by very patient hands at the city and federal level.

Emphasis on expanding a region's knowledge-based industries is a good thing. However, a broad front is also needed for such targeted approaches to work. Not even the best crafted program will deliver economic expansion to a region if the streets are not safe and there is no access to good schools for kids.

To its credit, the Patrick Administration has approached economic development on a broad front, while simultaneously initiating targeted approaches. It created targeted tax benefit programs that focus on the state's Gateway Cities, consolidated infrastructure programs into the robust MassWorks and ICubed programs, and launched significant initiatives focused on the life sciences and clean energy industries. Gov. Deval Patrick created the STEM Council, tasked with developing strategies to direct more students toward science, technology, engineering and mathematics careers.

Suggestions For The Next Administration

There is additional work to be done by the next gubernatorial administration. Massachusetts' economic development programs are spread across too many agencies. Using some acronyms to save space, an incomplete list includes EOHCD, DHCD, MOBD, MOITI, MOTT, MLSC, MCEC, MDFA, MGCC, DLWD, along with the Permit Regulatory Office and the Commonwealth Corp. These organizations exist mostly in different buildings and often different communities, making coordination a challenge. Some have large headcounts and resources; others do not. Many include redundant areas of function and expertise (lending, marketing, public relations) best combined under one roof.

High-performing industry clusters are innovative because of the concentration of many similar organizations in a small area. This concept is at the heart of the cool space idea. Lots of smart people in a small place leads to a rapid flow of ideas and information, with innovation resulting. The same would be true with the merger of the many state economic development agencies into one organization. Information and expertise would be shared, innovative approaches would develop alongside proven programs, and consistency in messaging and program delivery would be assured. It might not sound like the hottest new idea, but it would deliver some very cool results.