Worcester comeback seems for real

Pent-up demand is finally being realized in state’s second-largest city

The Mercantile Center, a mixed-use property undergoing renovation as part of a building boom in downtown Worcester.

MARS IS THE LIMIT for robotics engineer Kevin Harrington. Harrington, 32, wants to build a machine that would harvest the sun, soil, and atmosphere of the Red Planet to produce food, building supplies, and robots for human colonies in the future. “Let’s say we want to go to Mars and we want to survive on Mars with no supply chain. What do we need?” he asked. “We need a machine that can take in the raw materials in the environment.”
There’s good reason to take Harrington seriously. He is the robotics lab manager at Worcester Polytechnic Institute, where he’s following in the footsteps of Robert Goddard, inventor of modern rocketry and the so-called father of the space age. Goddard studied and worked at WPI and nearby Clark University.

Changing the world was on the mind of Harrington and his friends when they graduated from WPI in 2009. Foreseeing a wave of automation, they launched a startup to design software and tech for robots in education. They could have decamped for Boston or Silicon Valley. But they determined the smartest, most affordable move was to stay put.

“We literally considered moving to Thailand for a couple years because it’s cheap,” he says. “Worcester is proximate to everything we need, an hour from Boston and three hours from New York.”

The startup didn’t work out. But the team stuck around. In 2013, they repurposed their workshop into Technocopia, a hangout for nearly 100 artisans, hobbyists, and others near the city center. Technocopia members operate 3D printers, lathes, grinders, and soldering stations in the nonprofit’s makerspace. For 24-7 access to the group’s cavernous workshop, members pay $125 a month.

“We have all these tools. But the tools aren’t the product. The people are. We are essentially forming an intentional community,” Harrington says.
Equipment at the Technocopia workshop in Worcester.

The same could be said of Worcester residents in general as a building boom downtown and growing neighborhoods have sparked what many hope is a renaissance in New England’s second-largest city.

Developers and nonprofit institutions have spent more than $2.6 billion in construction in Worcester in recent years, according to city officials. Another $375 million is in the pipeline. The biggest chunk of that investment is the $565 million CitySquare project now underway on the former site of the Galleria Mall downtown. Including around $90 million in public funding, the project’s 22 acres include new city streets, apartments, offices, and more. Marriott is now completing a new hotel in the project. New Jersey-based Roseland Residential Trust, a subsidiary of Mack-Cali Realty Corporation, is on track to open 365 luxury apartments and to lease space to a restaurant, spa, and bank in CitySquare early next year. A park over an underground parking garage has footings for a tower in the future.

New housing is going up all around downtown. Quincy-based MG2 Group is renovating more than 500 apartments in a collection of buildings that the firm has owned for more than 10 years. Rebranded as The Grid District, the group’s properties include new restaurants, a coffee shop, and other street-level amenities. Boston-based Trinity Financial is planning to renovate the historic courthouse on Main Street into apartments. New restaurants and other development are planned for the district around the Hanover Theater, a renovated vaudeville hall that’s became a successful performing arts center.

The growth isn’t confined to downtown. In the Canal District, a former industrial zone along the old route of the Blackstone Canal that inaugurated the city’s 19th Century glory days, a thriving neighborhood of offices, apartments, bars, and restaurants has taken root in redbrick ex-factories.

Worcester has ballyhooed renaissances before only to see them wither and die. (See “Urban ReRenewal,” CW, Growth & Development Extra 2006.)
City officials demolished much of the eastern side of downtown in the late 1960s to build the 1 million-square-foot Galleria Mall, hoping it would spur a return to the days when folks from throughout Central Massachusetts descended on Main Street to shop at Denholm’s and other stores. The Galleria’s heyday lasted for a decade. An effort to reinvent it with discount outlets fizzled. In 2006, the mall closed for good amid suburban competition and the rise of online shopping.

In 2007, when the first redevelopment plan for the mall was stalling and the Great Recession was around the corner, the then-owner of the site, developer Young Park of Berkeley Investments in Boston, was blunt about the skepticism towards urban renewal in the city. “What is unique in Worcester is the general pervasive feeling of cynicism and negativity,” Park told the Telegram & Gazette.

This time feels different, say Worcester leaders and residents.

**THINGS ARE HUMMING**

Nearly everywhere one looks in the heart of the Commonwealth, things are on the upswing. Worcester’s population, now at 184,000, is on track to increase to levels not seen since the 1950s, according to University of Massachusetts Donahue Institute and US Census figures. Property values are $18.5 billion, an all-time high that surpasses the last record from 2008, according to city assessor figures. More than half of city residents are middle-class, earning between $35,000 and $150,000 a year, the research bureau says. City Hall’s bond ratings are stable at historic highs, too.

Commerce is humming. CSX built a state-of-the-art train yard in the city. The Massachusetts College of Pharmacy and Health Sciences is expanding their campus. MBTA commuter rail service has improved. WPI’s Gateway Park has become a startup incubator. JetBlue is flying from Worcester Airport to JFK in New York City starting in May. The University of Massachusetts medical school and hospital have been expanding and attracting biotech firms. Last year, city officials sold off the last parcel in the 11-acre South Worcester Industrial Park, which includes a new Table Talk Pies factory. Locally owned Polar Beverages has seen sales climb.

Worcester failed to fully enjoy the prosperity that was flowing from Boston to its western suburbs before the financial crisis. That’s no longer the case. “What you are seeing is a lot of pent-up demand finally getting realized here in town,” says Robert Baumann, an economist at the College of the Holy Cross.

In the past 10 years, as Boston has grown prohibitively expensive and the good news has persisted, many Worcesterites have sloughed off the cynicism Park described.

“The entire city is coming together,” says Dino Lorusso, an Italian-born, ex-plumbing contractor who owns Crompton Place, a renovated 1860 loom works on Green Street in the Canal District that includes 15 apartments, a bakery restaurant, barber, and other shops.
“I don’t want to be a big city,” says Lorusso. “I want to be a great city. A great city to me means that its citizens, people that live here and work here, are proud to say, ‘I live in Worcester, I work in Worcester, I love Worcester.’ That’s what I’m feeling right now. I really am proud of where the city is going.”

That optimism has fueled Worcester’s bids to lure the Pawtucket Red Sox, the Red Sox top minor league affiliate, away from Rhode Island and the city’s application for Amazon’s HQ2.

A mural on Pleasant Street touts Worcester’s downtown…

…while signs on a nearby convenience store highlight the heavy concentration of poverty affecting some neighborhoods.
The PawSox are considering vacant land in the Canal District for a proposed new $83 million ballpark. The team’s owners, ex-Red Sox president Larry Lucchino and his partners, want to move to a new stadium when the lease at their current 75-year-old park runs out in 2020. Rhode Island lawmakers have been reluctant to put up public money for the project. Worcester leaders have not yet released their package of incentives, but they’ve made public moves to attract the team, like hiring Smith College economist and sports expert Andrew Zimbalist and former Massachusetts transportation secretary Jeffrey Mullan as consultants in the effort.

“The PawSox thinking of coming here, it’s the culmination of the hard work we’ve done over the last several years,” says Mayor Joseph Petty, who like other members of the City Council holds a nonpartisan office in a weak mayor/strong city manager form of government. “I’d love to have the Sox here in the city of Worcester. Oh, I’d love it. And that’s a brownfields lot. Imagine taking care of that, too?” he says of the contaminated site the team is eyeing.

Worcester officials also swung for the fences when they identified 98 acres and offered $500 million in property tax breaks for Amazon’s new headquarters.

**WHITE PAPER**

City boosters aren’t banking on Triple-A baseball or Silicon Valley East to create utopia. The Canal District will grow with or without the PawSox, says Lorusso. When he started renovating Crompton Place 12 years ago, the neighborhood had little foot traffic. Now it’s busy with workers by day and a popular destination for diners and drinkers at night. Local businessman Allen Fletcher is preparing to break ground on a public market and 48 apartments next to Crompton. Other landlords are adding apartments nearby. To Lorusso, the momentum is clear.

“I don’t know if they’ve had a blueprint for this or who might have had a blueprint for this,” he says. “I do believe the blueprint right now is almost perfect.”

There was no blueprint. But there was a white paper—one that other Gateway Cities such as Springfield, Lawrence, and others might consider perusing.

In the late 1990s, urban planners suggested that “eds and meds” would turn out to be the greatest assets of older cities—like Gateway Cities in Massachusetts – grappling with the decline of manufacturing, the high cost of services and other negative trends. Universities and hospitals, coupled with mixed-use developments, mass transit, street life, 18-hour neighborhoods, and other revived urban traditions, could rescue downtrodden cities, the planners argued.

Those visions appealed to Worcester residents who were living with an empty mall that was sucking the vitality out of the city. Citing their nine colleges and universities, two hospitals, and affordable location vis-à-vis Boston, locals began calling for the mall’s demolition and a new community downtown. Former Worcester mayor Tim Murray championed the idea, publishing a whitepaper in 2003 that called for the city to use eminent domain to take down the mall.
“We had a dead mall in the heart of our downtown. What did we need to do to get rid of it?” asks Murray, a former lieutenant governor who is now head of the Worcester Chamber of Commerce. “It was a financial anchor. It was a psychological anchor. We had to take action.”

After fits and starts, Worcester-based Hanover Insurance acquired the dead Galleria in 2010 from Berkeley Investments and partnered with Boston-based Leggat McCall to develop CitySquare. UNUM insurance agreed that same year to move into new office space on the property, triggering $55 million in public funding to bring the mall down and other improvements.

Now that the mall is gone and CitySquare is nearly done, the question is whether the vision that Murray and others envisioned will be a success. Despite the good news about Worcester, some indicators suggest their predictions might be too rosy. The eds and meds theory, so easily applied to wealthy cities such as Boston, might not apply so readily to medium-sized Gateway cities, in other words.

“The idea that Worcester will be a pedestrian-oriented, transit-oriented, urban, walkable downtown is not yet real,” says Timothy McGourthy, executive director of the Worcester Regional Research Bureau, a non-partisan think tank. “What we do have, though, are the elements and the investor interest to get us there.”

Roseland, for example, expects to charge $1,400 for a studio and $2,600 for three-bedroom apartments, says Ivan Baron, the company’s chief legal officer. Its building will include a doorman, pool, gym, and other amenities. But those numbers are still pricey. The average rent for a one-bedroom in Worcester is around $1,000, according to figures provided by the city’s economic development officials. Trulia and Zillow estimate the median monthly rental price of Worcester apartments at around $1,500.

“If those numbers are correct, it’s destined to fail,” says Nader Djafari, who owns more than 124 apartments in Worcester, referring to Roseland’s rents.

Djafari loves Wootown. A Wayland resident, he started buying, fixing up, and renting apartments in the city in 2008. He worries Roseland is being too ambitious. He charges $1,350 for a three-bedroom in a renovated three-decker. “They are not going to fill those apartments and, when they get to 50 percent empty, they will cut the budget and cut corners and then the buildings will turn out to be a disaster,” he says.

That’s arguably what’s happened to the city’s ornate Union Station. Built in 1911, it closed in the 1970s as rail travel withered. After a $32 million restoration, the beautiful landmark reopened in 2000 as a terminal for MBTA, Amtrak, and bus lines. But despite commercial tenants, including a restaurant and architectural firm, the city has consistently needed to subsidize Union Station – to the tune of around $450,000 this year. What’s more, belying visions of Worcester becoming a bedroom community for Boston, only around 1,300 commuters take the MBTA commuter rail to Boston on weekdays, according to a 2013 audit.

Baron admits Roseland’s rents would be a new high. “We’re taking a sizeable risk here. This is an unproven market,” he says. “It’s a big gamble.”
But he and other developers believe professionals and students are looking for higher-end housing. Rents in other new downtown apartments aren’t too far behind, either. The Grid is due for 95 percent occupancy at prices that are close to Roseland’s, says MG2 vice president Joe Donovan, adding that the MBTA commuter rail is an undeniable asset even if hordes of workers weren’t heading east every morning.

“I don’t know that a noticeable number of our residents do a commute,” says Donovan. “But it’s the idea of access, the idea that if you wanted to go to the city, you are a walk away from a train ride to go to Boston.”

‘THEY WANT GUCCI STORES’

Landlords in Worcester have groused that the city is pressuring them to invest more in their buildings than property values merit. They have a point. In August, MassDevelopment purchased a two-story pawn shop and café at 526 Main Street for $800,000. The public agency says the building needs $2.5 million of renovations. But the building is assessed at $1.1 million. MassDevelopment also purchased and cleaned up the pollution at the old Telegram & Gazette building on the Common for $40 million. Now housing Quinsigamond Community College facilities, it’s assessed at $2.75 million.

The previous owner of 526 Main Street, Richard Rizzo, owns another property across from City Hall that is designated for possible eminent domain taking. He bought the building in 2011 for $60,000 but pays taxes on an assessment of $540,000. Today, three tenants on the first floor generate $6,000 a month that he says is his retirement income. The top floor is a dilapidated 1890s-era theater that he can’t lease, he says. City officials want him to improve the property, but he can’t find tenants who would pay more to merit the investment.

“They want Gucci stores, chi chi stores,” says Rizzo. “That’s not going to happen, not when they still have on a weekly basis people lying on the street... that the police have to come and pick up because they have been lying there for hours on drugs.”

MassDevelopment’s role exemplifies how public funds have been crucial to Worcester’s objectives. The city currently has 18 tax increment financing deals, or TIFs, with businesses—including UNUM, St. Vincent’s Cancer Center, and the AC Hotel by Marriott in CitySquare— that the Worcester Regional Research Bureau and city officials estimated were worth around $44.6 million. Lasting for as long as 20 years, tax increment financing is an incentive that lets municipalities exempt new investments in a property when calculating real estate taxes. CitySquare receives district improvement financing, which uses taxes generated in the area to pay for public improvements there, too. Developers are also working fast to claim historic tax credits that might disappear under proposed reforms in Congress.

Some of the city’s moves also rankle folks such as Steve Teasdale, the executive director of Main South Community Development Corporation, which has built around $35 million of affordable housing in the past 10 years, helping to transform the largely low-income neighborhood as crime rates have dropped and Clark University has expanded.
As the push to redevelop downtown revved up, city officials, for example, steered $2.8 million in federal housing funds to companies rehabbing old downtown properties that would include affordable units, according to figures provided by the city.

“There was a sort of direct reduction of resources available in neighborhood development in order to move them into downtown,” says Teasdale, who says in recent years City Manager Ed Augustus has sought to make sure outlying districts aren’t forgotten.

Aspects of CitySquare have also been controversial, including the expected demolition of the neo-Romanesque Notre Dame des Canadians Church on the Common to make way for more apartments. Buildings in CitySquare are not architecturally unique or bold. The church, says Deborah Packard, executive director of the nonprofit Preservation Worcester, added some flair and was a reminder of the communities who once live there.

“The downtown revitalization is a little bit of a double-edged sword,” says Packard, who is calling for the city to establish a design-review process. “Some people really feel that tearing down a building is progress.”

MACHINE POLITICS

City Councilor Konstantina Lukes thought Augustus and other Worcester officials should have worked harder to force the City Square developers to build grander buildings. But they were hell bent on attracting whatever construction they could, says Lukes. Nobody could do much to alter their course, she added, because a political machine led by US Rep. Jim McGovern, a Worcester Democrat, runs the city. Augustus is McGovern’s former chief of staff and an ex-state senator. Murray and Petty are in the group, too.

“We could say, ‘Is this a team or is it a gang?’ It depends on what your point of view is,” says Lukes, a Democrat and former mayor who is often a foil to the city’s power structure. “It’s clear we have a one-party system in this state and this city.”

Petty defended the city leadership. “Look what the machine has done,” he says of the new vitality taking hold in Worcester.

Symbolizing the inner circle-like style of City Hall is the Economic Development Coordinating Council, an informal group that includes Augustus and city economic development officials; Murray; representatives of the nonprofit Worcester Business Development Corporation; and Kevin O’Sullivan, a former Democratic state representative who is president of Massachusetts Biomedical Initiatives, a startup incubator. Sometimes others, like Petty, join. The council meets every Friday in Augustus’s office, but it is not officially a public body, and its meetings are closed.

“I guess they can do anything they want,” says Lukes. “That could have its bad and good consequences.”
Augustus says the council is not a “star chamber,” but argued that keeping it private allows for more open, productive discussions.

“We literally bird-dog every important economic development project. It could be pursuing additional commuter rail or airport service, etcetera,” says Augustus. “In some places, it can be like going to the Balkans where the chamber has one set of priorities and the city has a different set and these legislative folks over here have a different set. We speak with one voice.”

Importantly—and here other Gateway Cities might want to prick up their ears—every developer interviewed for this story echoed those remarks. They all said one reason they came to Worcester was because the city administration and civic groups like the chamber responded quickly to inquiries, expedited hearings, issued permits promptly, and quickly sought out state and federal help when it was needed.

“It was very easy to do business in Worcester,” says Charles Monahan, who is president of the Massachusetts College of Pharmacy and Health, which opened a campus in the city in 2000. “They can’t do enough for you.”

Building the equivalent new buildings in Boston, if the school could find land, would have added a few years and a couple million dollars in consulting fees during negotiations with the Boston Planning & Development Agency and others, says Monahan. It wasn’t just cost that drew the school to Worcester, however. His students needed hospitals and medical facilities for rotations. Union Station, the Hanover Theater, and the promise of more attractions were selling points, too.

Born and raised in Worcester, the 77-year-old Monahan remembers the days when downtown was bustling. Today, his students in white lab coats are walking the same streets. He’s planning to bring more as he opens new programs in the city, too. Naysayers who didn’t believe in the renaissance need to think again, he says.

Meet the Author

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“You’ve got to look five years down the road,” says Monahan. “What’s Worcester going to look like? You are going to see a big difference.”