

# Economic Development

## Ayer's Local Economy

### Businesses & Labor Force

316 Businesses

Employing 4,653 Workers

Labor Force: 4,707 Workers

Jobs per Workers: 0.99

### Commercial Uses:

18% of Ayer's Land Area

4.3m s.f. of Commercial Space

\$371m in Assessed Value

\$11.5m in Tax Revenues

Generates 54% of Tax Levy

Provides 35% of Total Budget

### Largest Employers:

Nashoba Valley Medical Center

Apple Valley Center

CPF Inc. (Pepsi Bottling)

Nasoya, Inc.

Gervais Ford

Sealed Air Corp.

Ayer-Shirley Regional School District

## Introduction

Settled by English colonists in 1656 as the Township of Groton, the Town of Ayer (originally South Groton) emerged from its ancient agrarian socio-economic culture by separation from its "mother" township of Groton in February 1871; thus the Town of Ayer was chartered. Technological innovation, disruptive invention, and revolutionary economic shifts away from agrarianism and towards progressive industrialization drove Ayer's destiny as a compact and dynamic New England railroad town.

The dawn of Massachusetts & American railroading brought about the major intersection of four regional railroad lines at South Groton from (1845-1850); the Fitchburg Railroad (1845); the Stony Brook Railroad (1848); the Peterborough & Shirley Railroad (1848); and the Worcester & Nashua Railroad (1849). As reported in the Nashua Telegraph, May 26, 1849, *"We doubt if there is a place anywhere, where so many railroad trains meet simultaneously. Here the Worcester & Nashua, the Stony Brook, and the Townsend railroads connect with the Fitchburg, and three times a day trains meet here from Boston, Lowell, Worcester, Fitchburg, Nashua and Townsend, their six locomotives puffing and blowing and roaring like the Bulls of Bashan. A man can start from there for anywhere."* Thus, the place known anciently as South Groton transformed into "Groton Junction" or popularly "The Great Junction" and by 1871 the Town of Ayer.

The built-form of the new township, with grand Passenger Railroad Depot at the core (Depot Square), surrounded by residential urban street grids, a modest Main Street district three-blocks in length, with two-to-four story brick/wooden buildings arranged compactly together, highly-active and never-idle freight railroad yards, sheds, roundhouses, repair shops, platforms, and massive storage bins that dominated the land along the rail line corridors, and associated small-scale industries including tanneries, foundries, vinegar mills, woodworking, tool-making, lumber mills, and other modest-scale industrial enterprise came to define the 19<sup>th</sup> & early 20<sup>th</sup> century economic identity of the energetic railroad township.

The Nashua River runs along the west border of the town, however, Ayer never accommodated the great cotton/woolen textile mills so familiar to mid-19<sup>th</sup> and early 20<sup>th</sup> century New England, due to a lack of sufficient natural falls and lack of suitable broad & flat land sites along river-ways & falls. Contemporarily, Ayer remains challenged in accommodating larger industry and enterprise due to physical land parcel constraints resulting from topography, numerous small waterways/brooks, railroad line corridors, limited 9.8 square miles, etc.

Ayer's "national" military heritage began with the establishment of Camp Stevens (1861) along the Nashua River at the start of the American Civil War; South Groton served as a regional railroad hub in assembling and transporting Union troops. Just prior to America's entrance into World War I, the US Army selected a



large land area situated within portions of Ayer, Harvard and Shirley as Camp Devens (Spring 1917); later becoming Fort Devens. Throughout the 20<sup>th</sup> century, and through WWI, WWII, Korean War, Vietnam War, and the Gulf War, Fort Devens expanded occupying nearly 20% of Ayer's total land area. Fort Devens came to dominate Ayer's local economy, as a "built-in" and seemingly-perpetual market of military & civilian personnel associated with the Base. The town socio-economically functioned to provide goods and services for the needs, lifestyles, and preferences of this limited, but lucrative "captured" local market. In (1996) Fort Devens was decommissioned; the seemingly-perpetual "captured" market and local economy that was built upon it had run its course, completed its socio-economic lifecycle, and the next chapter of the Town of Ayer began. The U.S. Army Reserve and 25<sup>th</sup> Marine Regiment remain today stationed at Devens.

Following the closure of the Fort Devens, the bulk of the land occupying the former base came under control of MassDevelopment, which in concert with the Devens Enterprise Commission, now oversees the comprehensive redevelopment within the Devens Regional Enterprise Zone.

Ayer's contemporary economy includes manufacturing, technology, distribution, food & beverage processing & packaging, professional/personal services, and retail. The healthcare sector accounts for 15% of local employment, led by the Nashoba Valley Medical Center, complimented by private medical offices and the Apple Valley Center residential senior care/recovery facility. The combined education, health care and educational services sectors provide 25% of all local employment. Ayer's manufacturing sector provides 1,200 employment opportunities in food & beverage production/processing, scientific research & development, and the fabrication/assembly of products. Ayer's transportation, distribution, warehousing, and wholesale/retail trade add an additional 800 jobs. Ayer's traditional industrial/manufacturing/processing sector remains strong, however, the local economy (as is the case in all American towns, cities & regions) is not economically invulnerable and continues to face considerable challenges as the town consistently and diligently works in retaining existing business and attract new 21<sup>st</sup> century knowledge-based/innovation-based enterprise in an era of rapidly changing technology, transportation, information transmission, lifestyles, and expectations.

### **Economic Development Goals:**

1. Retain and assist the growth of existing business & attract new enterprise through active promotion of Ayer's socio-economic advantages & benefits.
2. Position Downtown Ayer as a regional destination for specialty retail shopping, dining, entertainment, special events, heritage tourism, and professional/personal services within a high-quality public space experience.
3. Strengthen Ayer's regional economic competitiveness.



## Commercial Districts and Corridors



### Downtown

Downtown Ayer is the home of nearly 3.6 million square feet of commercial space. Anchored by the MBTA Commuter Rail Station and the Nashua River Rail Trail, Downtown Ayer is a traditional Main Street with retail, professional office, and personal service based businesses as well as local eateries and taverns. As most of Ayer's daytime population consists of local workers in Ayer's industrial parks and corridors, Downtown Ayer can be rather quiet during the day with most business activity occurring at night.



### Gateways

The Carlton Rotary and West Main Street commercial district serve as Ayer's automobile gateways. The Carlton Rotary is home to several fast food restaurants and other auto-oriented businesses such as Gervais Ford and the Tidal Wave Car Wash. The gateway at West Main Street offers several small restaurants, poorly maintained strip development, mini-storage, and a power substation. While both areas serve a function, neither represents a welcoming gateway that gives a strong sense of having arrived in Ayer or of the Town's history, heritage, or charm.



### Corridors

Pleasant Street, Fitchburg Road, and Central Avenue are key transportation corridors in Ayer that offer a variety of uses. Central Avenue is predominately industrial in character and houses a variety of shipping, transportation, and warehousing businesses while Pleasant Street and Fitchburg Road more commonly accommodate strip retail. Abandonment, disrepair, and neglect characterize large swaths of these corridors and detract from those businesses that are valiantly trying to maintain their properties and promote their businesses.



### Industrial Areas

Ayer is home to two primary industrial areas: one is located along Westford Road and includes New England Way and Nemco Way, while the other is located just south of West Main Street, and is accessed by Scully Road. Both areas abut residential neighbors and sensitive environmental resources. The Scully Road industrial area abuts Plow Shop Pond and is primarily occupied by Moore Lumber. Should the area be redeveloped in the future, it could provide the opportunity to integrate this land into Downtown Ayer and increasing its economic productivity and allowing for new housing opportunities.

## Existing Conditions

### Labor Force and Commuting Patterns

**Table ED-1: Regional Labor Force and Jobs**

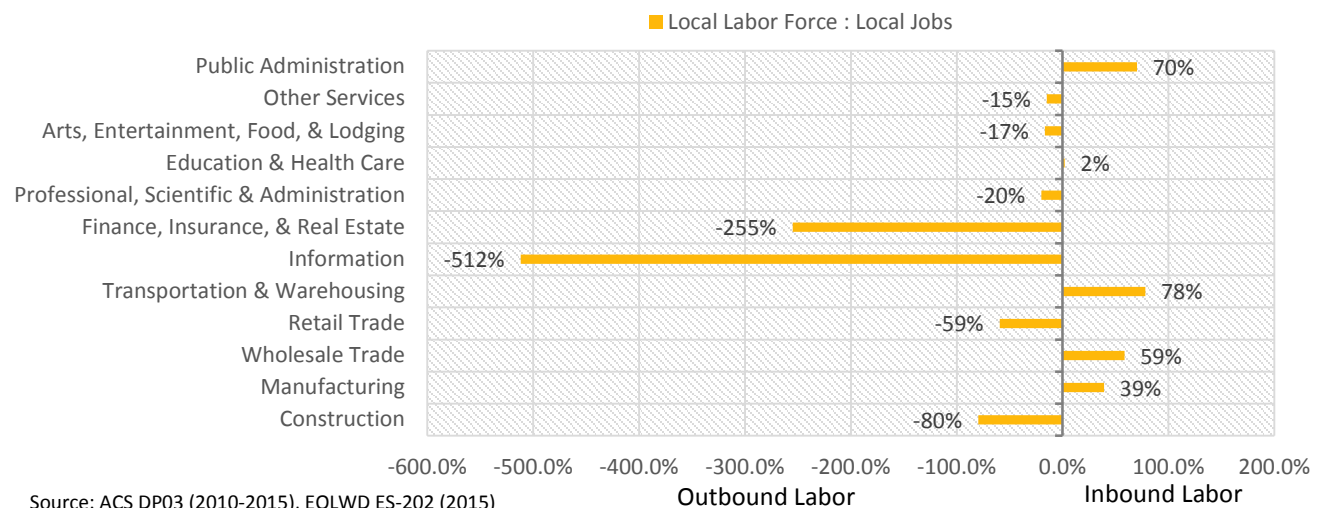
	Civilian Labor Force	Number of Jobs	Jobs per Worker
Ayer	4,707	4,653	0.99
Clinton	7,894	4,347	0.55
Hudson	10,862	10,447	0.96
Littleton	5,202	7,635	1.47
Maynard	6,208	2,889	0.47
Pepperell	6,592	1,652	0.25
Shirley	2,914	2,799	0.96
Massachusetts	3,696,139	3,428,259	0.93

Source: ACS DP03 (2010-2015) & EOLWD ES-202 (2015)

The **civilian labor force** is comprised of individuals above the age of 16 who are not members of the armed forces and are actively employed or seeking employment. Ayer's labor force is sizable for a community of its size and has a higher participation rate (74.3 percent) than found in neighboring communities and the state.<sup>1</sup> For example, Shirley's labor force participation rate is 45.7 percent, while the state's is 67.5 percent.<sup>2</sup> Further, Ayer's local economy offers nearly one job for every worker who lives in town. However, as shown on **Chart ED-1**, all but an estimated 350 resident members of the local labor force leave Ayer daily to work in outside communities.<sup>3</sup>

Those Employed in Ayer are concentrated in a limited number of industries – public administration (inclusive of the Ayer-Shirley Regional School District, Town employees, the Ayer District Court, and State employees with the Department of Fish and Wildlife), transportation and warehousing, wholesale trade, and manufacturing. With the exception of public administration employees, many of those who work in Ayer but residing elsewhere are industrial workers who tend to live in Fitchburg, Lowell, Gardner, and other communities with lower cost housing than is found in Ayer. The mismatch between local jobs and the local labor force is also demonstrated by the industries employing Ayer residents who are considered “outbound labor” – the so called FIRE industries (finance, insurance, and real estate), information, and construction where jobs are concentrated primarily in the Boston Metro Area. **The people who live in Ayer are increasingly not the same people who work in Ayer.** This is in part due to rising housing prices in the region creating pressure on Ayer, the presence of the MBTA commuter rail which attracts commuters to live in Ayer, as well as a local economy whose composition is not changing as quickly as the composition of the local workforce.

**Chart ED-1: Commuting Patters of Ayer's Workforce by Industry**

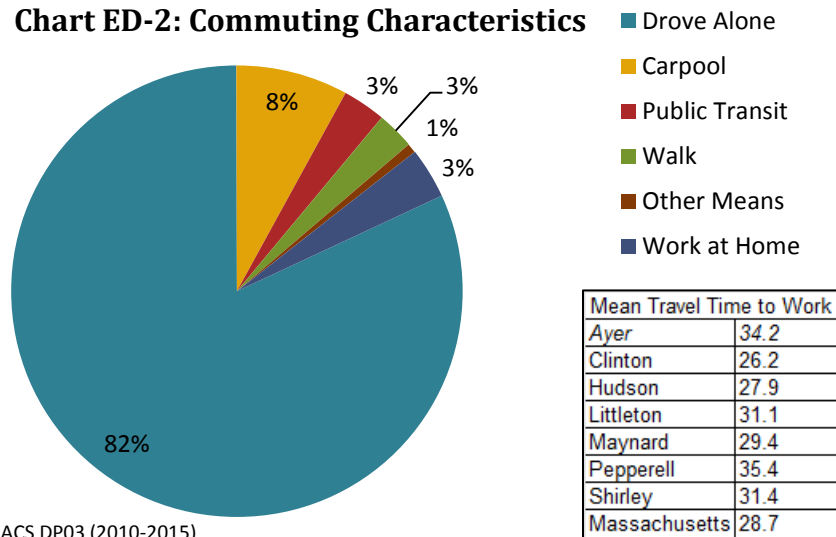


<sup>1</sup> ACS DP03 (2010-2015)

<sup>2</sup> ACS DP03 (2010-2015)

<sup>3</sup> ACS SO801 (2010-2015), EOLWD ES-202 (2015)



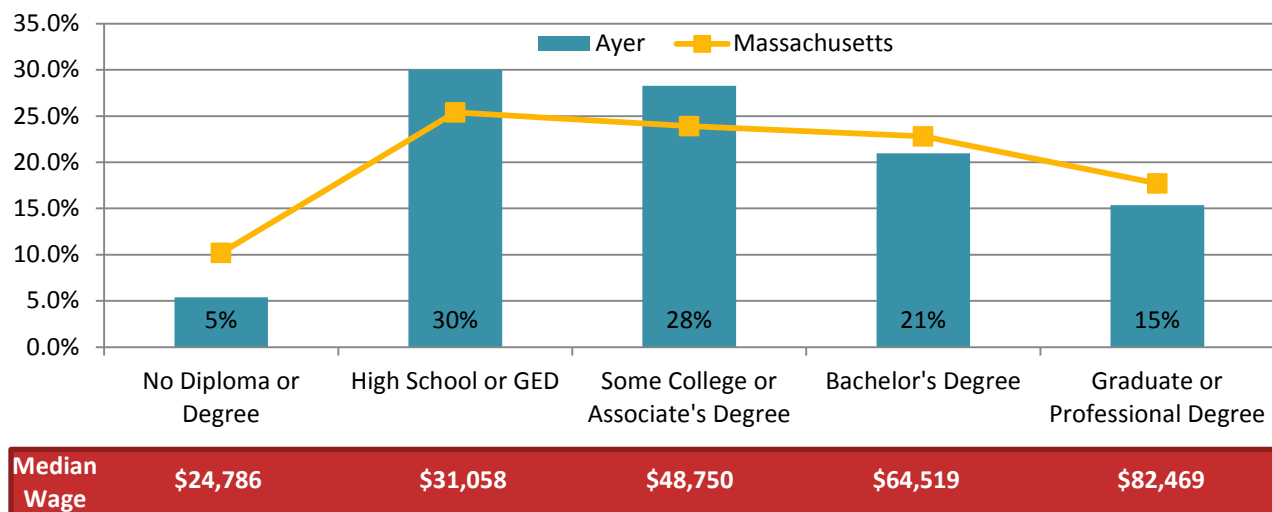
**Chart ED-2: Commuting Characteristics**

Source: ACS DP03 (2010-2015)

How Ayer's labor force gets to work largely correlates with the industries employing residents. For example, those who carpool in Ayer tend to be employed in education and health services or manufacturing industry jobs, while those who take public transit are largely represented by those working in the FIRE industries, and also educational and health services.<sup>4</sup> Although the vast majority of Ayer's residents drive by themselves to work, they also tend to have a longer commute than workers in

neighboring communities. This is reflective both of Ayer's large share of outbound workers as well as the Town's geographic location in proximity to several major highways and the MBTA commuter rail. Highway and commuter rail access put Ayer within commuting distance of several major regional employment centers. Although Ayer is not physically "close" to every place that is commutable from the town, the combination of access and relatively lower cost housing than can be found in other areas of the region attract residents willing to endure slightly longer commutes in exchange for less expensive or more spacious housing. This represents a change in Ayer's residential population and impacts local business that need to recruit further out to find workers with the appropriate skills and occupations to meet their needs.

## Educational Attainment and Income

**Chart ED-3: Educational Attainment and Wages**

Source: ACS S1501 (2010-2015)

<sup>4</sup> ACS S0802 (2010-2015)



**Table ED-2: Income and Wages**

	Median HH* Income	Avg. Wage per Worker	% Change in HH* Income (2010-2015)
<b>Ayer</b>	<b>\$74,659</b>	<b>\$43,324</b>	<b>34%</b>
Clinton	\$62,805	\$37,981	7%
Hudson	\$75,985	\$41,707	1%
Littleton	\$111,680	\$58,422	8%
Maynard	\$88,333	\$44,558	17%
Pepperell	\$80,524	\$41,213	-2%
Shirley	\$67,896	\$35,806	-7%
Massachusetts	\$68,563	\$37,452	6%

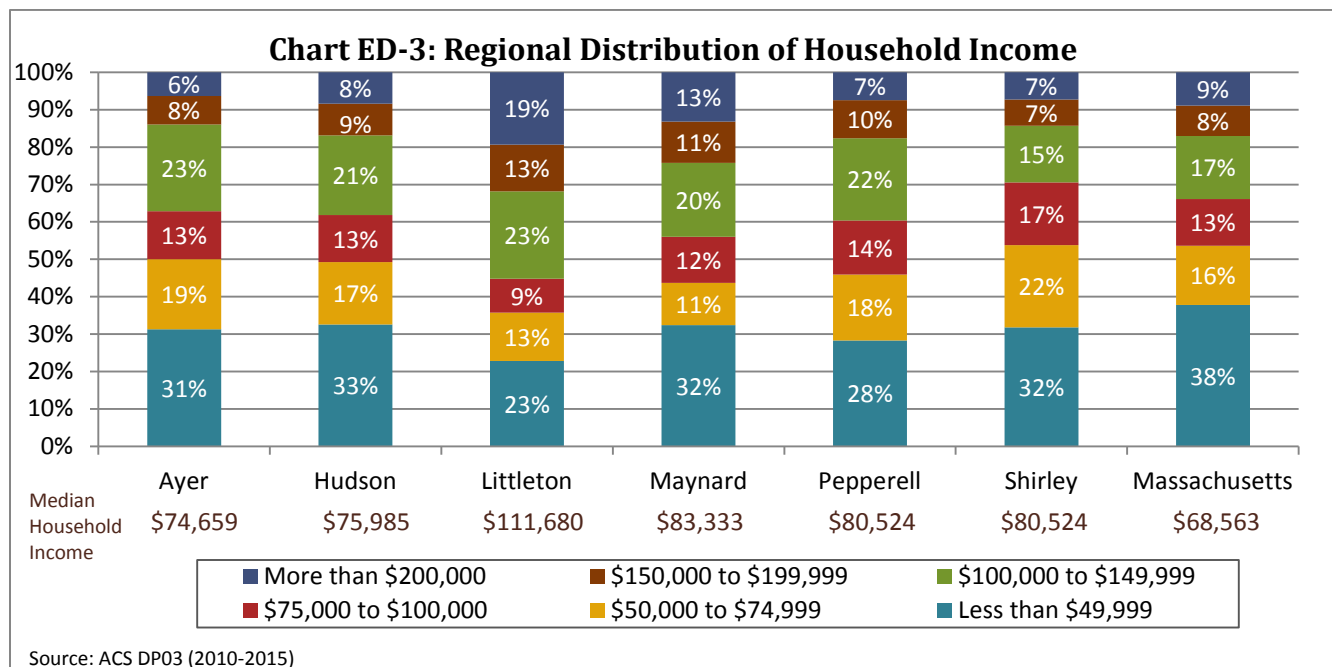
\* Household

Source: ACS DP03 (2006-2010, 2010-2015)

As shown on **Chart ED-3**, Wages are generally influenced positively by educational attainment; in Ayer, wages for both the least and most educated members of the workforce tend to be lower than the state median wages. However, for high school graduates or equivalent and those who attended some college or have attained an associate's degree, their wages tend to be higher than the state median. This is, in large part, due to the presence of industrial and advanced manufacturing employers that offer higher wages than are typically available to those who did not complete a four-year degree program.

**Table ED-2** and **Chart ED-3** compare Ayer to its neighbors and peers in terms of household incomes,

wages, and distribution of income. It is notable that Ayer has seen the largest growth in household income in the past five years, another indication that Ayer's residential composition and workforce is changing rapidly. However, in spite of rising household incomes, the overall distribution of income in Ayer remains on par with the majority of Ayer's peer communities, with a slightly smaller share of households with incomes above \$150,000, and a slightly larger share than those earning less than \$75,000 in Ayer.



## Occupations and Industries

More than ¼ of Ayer's residents are employed in the educational services, health care, and social services industries; representing the largest individual industry employing Ayer's labor force. The next largest industry is manufacturing, employing 18 percent of Ayer's labor force, followed by professional, scientific, and management, and administrative and waste management services (10 percent), retail trade (9 percent), and construction (6 percent).<sup>5</sup>

<sup>5</sup> ACS DP03 (2010-2015)



The industries employing Ayer's labor force are shifting, and the largest industries employing Ayer residents are also seeing the biggest declines. In the past five years, the number of residents employed in educational services and healthcare has declined by nearly 40 percent, while employment in manufacturing declined by nearly 45 percent. During the same time period, employment in public administration increased by nearly 175 percent, transportation and warehousing by 120 percent, and professional, scientific, management, and administrative services rose by 40 percent.<sup>6</sup> These changes are consistent with the shifts in commuting characteristics and income and wages in Ayer, as well as the geographic mobility of Ayer residents, wherein approximately 20 percent of Ayer's residents have moved within the past year.<sup>7</sup> In short, change is occurring within composition of Ayer's local labor force and the industries and occupations that employ them. Ayer's residents are increasingly more likely to be "white collar" and commute outside of Ayer, while Ayer's local economy remains largely predicated upon "blue collar" occupations, forcing employers to look further away for to staff their businesses, or in some cases, these businesses choose to close or relocate.

**Table ED-3: Occupations of Ayer Residents (2000-2015)**

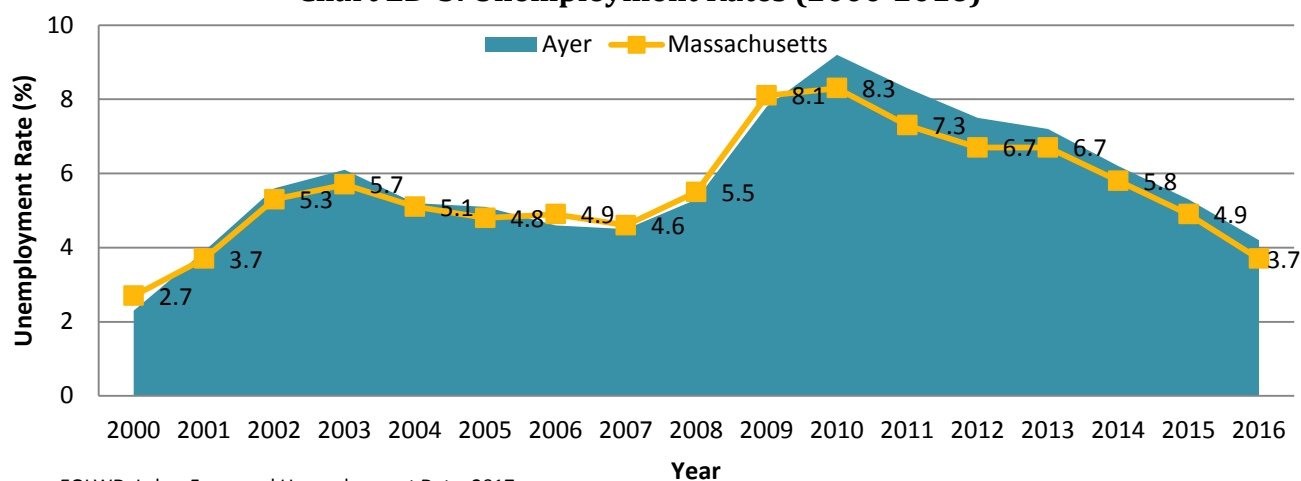
	Employed Civilian Labor Force	Management, Business, Arts, and Sciences	Service Occupations	Sales and Office	Nat. Resources, Construction, & Maintenance	Transportation, Production, and Material Moving
Ayer 2000	4,089	38%	14%	24%	10%	14%
Ayer 2015	4,707	52%	15%	17%	11%	5%
% change	15%	36%	6%	-27%	10%	-64%
Massachusetts 2015	3,415,975	44%	17%	23%	7%	9%

Source: ACS DP03 (2010-2015), US Census DP-3 (2000)

## Unemployment

Unemployment rates track the number of individuals who are employed or currently seeking work. The statistics do not reflect those who have given up looking for work or those who are underemployed (i.e. their current employment doesn't meet their needs in terms of hours and/or wages). Ayer's unemployment rate remains low, and is generally lower than the unemployment rate for the state overall, but there have been some fluctuations recently during the recession years.

**Chart ED-5: Unemployment Rates (2000-2016)**



Source: EOLWD, Labor Force and Unemployment Data, 2017

<sup>6</sup> ACS DP03 (2006-2010, 2010-2015)

<sup>7</sup> ACS S0701 (2010-2015)



## Employment Base

The Massachusetts Executive Office of Labor and Workforce Development (EOLWD) tracks economic data and labor market information for the state, workforce investment areas, labor market areas, and cities and towns. **Table ED-4** shows Ayer's most recent annual report for employment and wages. Industries are divided by the goods producing domain, under which construction and manufacturing are counted; the service providing domain, where transportation, information, FIRE, service businesses are counted, and public administration. Goods producing jobs are considered "basic" employment, in the sense that they provide export goods that bring money in from outside the region. These jobs are thought to have a multiplier effect in that they create and necessitate service based jobs (non-basic employment) to support these industries. Just 18 percent of Ayer businesses are employers that are considered "basic", but provide 30 percent of local jobs. Further, these jobs provide among the highest average weekly wages. It should be noted, however, that in nearly all industries, average weekly wages in Ayer are measurably lower than the state average. Although this is common in the region, the reduction in wages in North Central Massachusetts is not commensurate with the reduction in cost of living, and accessing housing in Ayer on Ayer wages can be a significant challenge for some workers.

**Table ED-4: Businesses, Jobs, and Wages in Ayer (2016)**

	Businesses	Employees	Avg. Weekly Wage	Share of Local Jobs	Local Wages compared to State Wages
<b>Total, All Industries</b>	<b>316</b>	<b>4,653</b>	<b>\$1,025</b>	<b>100%</b>	<b>80%</b>
<b>Goods-Producing Domain</b>	<b>58</b>	<b>1,416</b>	<b>\$1,228</b>	<b>30%</b>	<b>80%</b>
<b>Construction</b>	<b>31</b>	<b>148</b>	<b>\$1,203</b>	<b>3%</b>	<b>88%</b>
<b>Manufacturing</b>	<b>26</b>	<b>1,264</b>	<b>\$1,233</b>	<b>27%</b>	<b>74%</b>
Durable Goods Manufacturing	16	548	\$1,244	12%	70%
Non-Durable Goods Manufacturing	10	716	\$1,224	15%	86%
<b>Service-Providing Domain</b>	<b>258</b>	<b>3,238</b>	<b>\$936</b>	<b>70%</b>	<b>75%</b>
<b>Trade, Transportation and Utilities</b>	<b>67</b>	<b>799</b>	<b>\$870</b>	<b>17%</b>	<b>92%</b>
Wholesale Trade	20	210	\$1,357	5%	77%
Retail Trade	29	241	\$765	5%	127%
Transportation and Warehousing	17	329	\$574	7%	57%
<b>Information</b>	<b>6</b>	<b>34</b>	<b>\$1,537</b>	<b>1%</b>	<b>77%</b>
<b>Financial Activities</b>	<b>16</b>	<b>71</b>	<b>\$1,119</b>	<b>2%</b>	<b>45%</b>
Finance and Insurance	6	47	\$1,413	1%	50%
Real Estate and Rental and Leasing	10	24	\$543	1%	39%
<b>Professional and Business Services</b>	<b>53</b>	<b>347</b>	<b>\$1,156</b>	<b>8%</b>	<b>62%</b>
<b>Education and Health Services</b>	<b>43</b>	<b>1,152</b>	<b>\$903</b>	<b>25%</b>	<b>84%</b>
Educational Services	5	392	\$998	8%	88%
Health Care and Social Assistance	38	760	\$854	16%	82%
<b>Leisure and Hospitality</b>	<b>29</b>	<b>298</b>	<b>\$300</b>	<b>6%</b>	<b>63%</b>
Arts, Entertainment, and Recreation	6	21	\$548	1%	78%
Accommodation and Food Services	23	277	\$281	6%	65%
<b>Other Services</b>	<b>24</b>	<b>81</b>	<b>\$574</b>	<b>2%</b>	<b>84%</b>
<b>Public Administration</b>	<b>20</b>	<b>456</b>	<b>\$1,376</b>	<b>10%</b>	<b>98%</b>

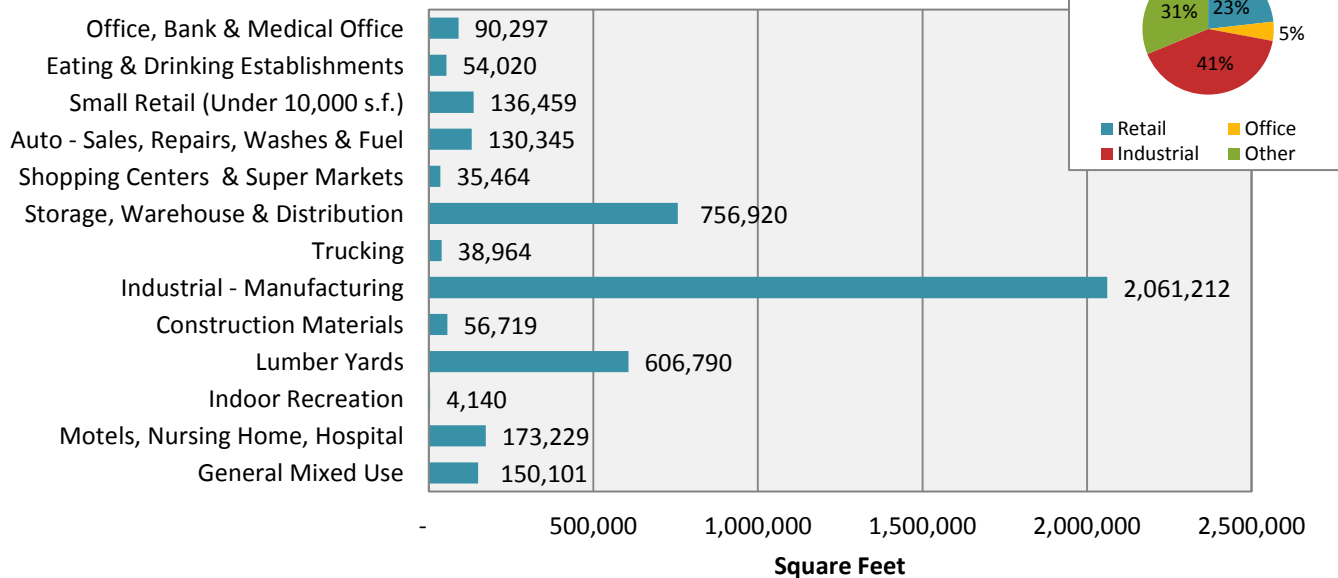
Source: EOLWD, ES-202 (2016)





## Existing Commercial Space

**Chart ED-6: Allocation of Commercial Space by Use**



Source: Town of Ayer, Assessor's Database (FY17)

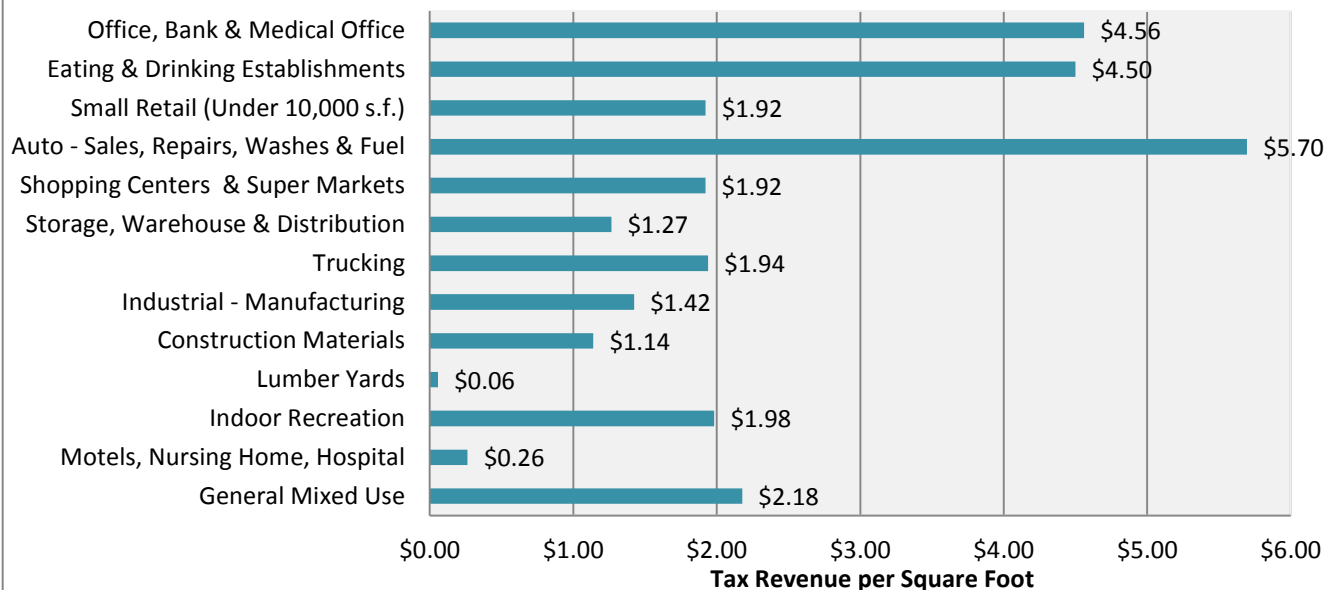
**Table ED-5: Total Commercial Space**

Use	S.F.	Acres
Retail	428,098	226
Office	195,856	46
Industrial	3,520,605	397
Other	150,101	298
<b>Total</b>	<b>4,294,660</b>	<b>973</b>

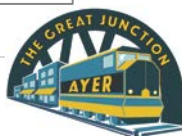
Source: Town of Ayer, Assessor's Database (FY17)

Approximately 17 percent of Ayer's total land area (973 acres) is used for commercial purposes and houses approximately 4.3m square feet of retail, office, industrial, and other commercial space. Over 40 percent of commercial land in Ayer encompasses over 2m square feet of industrial manufacturing space, by far the largest commercial use by size and space. However, industrial space is not the most lucrative space from the perspective of tax revenues; where auto related uses yield the highest tax revenues per square foot of building area at \$5.70/square foot.

**Chart Ed-7: Average Tax Revenue by Use (FY16)**



Source: Town of Ayer, Assessor's Database (FY17)



## Municipal Finance

Ayer's municipal fiscal health is inherently related to its commercial tax base. Ayer is one of 110 communities in Massachusetts with a **split tax rate** – meaning that there are different tax rates for residential and commercial properties. The commercial tax base comprises Commercial, Industrial, and Personal Property (CIP). Tax revenues generated from CIP properties are based on their assessed valuation multiplied by the tax rate (the FY 16 CIP tax rate was \$30.92 per \$1,000 assessed value). The total of all tax revenue from CIP properties is called the CIP Levy. The total tax levy includes CIP property taxes and taxes generated from residential property, which together made up 65 percent of the local budget in FY16. The total tax levy is then combined with state aid, local receipts (excise taxes, meals taxes, permit fees, etc.), and other revenue (any other monies received by the Town – i.e. interest payments on investment, donations, certain types of grants, etc.) to determine total annual revenues (i.e. funds available to spend on the budget). Annual revenues are measured against requested expenditures, which are reviewed by the Finance Committee to determine the overall annual Town Budget to be voted on at Town Meeting.

**Table ED-5: Municipal Finance Trends in Ayer (FY2006-FY2016)**

Fiscal Year	CIP Assessed Value	CIP Tax Rate	Residential Tax Rate	CIP Levy	Total Tax Levy	CIP as % of Budget
2006	\$330,817,180	24.54	9.39	\$8,118,253	\$13,740,098	31.0%
2007	\$327,414,880	24.10	9.54	\$7,890,698	\$13,906,991	29.4%
2008	\$338,174,860	23.85	9.84	\$8,065,470	\$14,645,037	28.1%
2009	\$340,310,100	24.74	10.61	\$8,419,272	\$15,320,578	28.2%
2010	\$345,280,150	25.54	11.49	\$8,818,454	\$16,028,007	29.4%
2011	\$342,447,190	26.82	12.09	\$9,184,434	\$16,739,697	28.7%
2012	\$346,729,920	27.20	13.10	\$9,431,054	\$17,617,236	35.3%
2013	\$348,143,990	27.99	13.63	\$9,744,551	\$18,210,410	36.0%
2014	\$353,847,970	28.55	14.08	\$10,102,360	\$18,958,169	35.5%
2015	\$372,743,600	29.97	14.62	\$11,171,126	\$20,572,763	35.2%
2016	\$370,933,080	30.92	14.53	\$11,469,251	\$21,279,654	35.3%

Note: CIP includes Commercial, Industrial, and Personal Property Taxes

Source: Massachusetts DOR (2017)

Like many communities, Ayer has faced rising property tax rates in recent years to offset increasing local costs and reductions in state and federal aid. Ten years ago, Ayer received over 20 percent of its budget in state aid; in FY16 state aid made up just 2.7 percent of its budget. Consequently, the Town has become more reliant upon the local tax levy, particularly the CIP levy, to meet budgetary requirements. **CIP properties make up just 18 percent of Ayer's taxable parcels yet generated 54 percent of the local tax levy, and provided 35 percent of the local budget in FY16.**

**Table ED-6: Regional Municipal Finance Characteristics (FY16)**

Municipality	Commercial Tax Rate	Total Assessed Value (\$)	Tax Levy (\$)	Municipal Budget (\$)	Residential Tax Base (\$)	Commercial Tax Base (%)	Avg. Single Fam. Tax Bill
Ayer	30.92	1,046,115,680	21,279,654	32,494,284	46.1	53.9	\$4,089
Clinton	31.45	1,157,307,120	22,468,375	46,283,751	75.5	24.5	\$3,944
Hudson	35.37	2,287,457,300	46,226,495	78,968,856	71.8	28.3	\$5,447
Littleton	28.04	1,625,366,807	32,319,141	46,936,136	70.1	29.9	\$6,999
Maynard	29.57	1,275,469,015	28,358,147	46,291,010	84.3	15.7	\$6,960
Pepperell	16.53	1,112,450,298	18,388,803	28,217,288	93.8	6.2	\$4,638
Shirley	16.51	605,712,883	10,000,320	15,718,124	89.7	10.3	\$4,525

Source: Massachusetts Department of Revenue (2017)



## Business Attraction and Retention

Compared to its neighbors and peer communities, Ayer relies significantly less on residential property taxes to generate revenues, with just over 45 percent of the tax levy derived from residential property taxes. It is common throughout Massachusetts to see communities that derive upwards of 80-90 percent of their tax levy from residential taxes. Ayer's current tax policy shows a very deliberate effort to reduce the residential tax burden by offsetting residential costs with the commercial tax levy. However, with rising municipal costs and declining state aid, relying solely on the CIP base to offset municipal costs may have a deleterious effect on the composition of Ayer's business community and quality of life and may not be a sustainable strategy in the long term for the Town.

### Tax Increment Financing



*Grady Research Inc. was granted a TIF in 2000 to rehalitate the former Ice House property.*

redevelopment, infrastructure, or other community improvements within a specific project site or district. Generally, TIFs are used to attract (and in some cases retain) businesses to locate in Ayer by offering a more competitive tax environment. TIFs are not typically used on small projects, but are reserved for larger projects that will yield significant benefits to the public in the form of high quality jobs, increased long term tax revenues, and upgraded infrastructure and facilities. The utilization of TIFs can be controversial in Ayer, but they can – and have made the difference between a business choosing to locate (or remain) in Ayer as opposed to neighboring communities and states.

Ayer's tax policies have a very direct impact on local economic development and impact the Town's ability to compete to retain and attract businesses. Tax rates are one metric that is commonly used by businesses when they are making location decisions, and while it is not the only point of consideration they will use, it is one of the only points that Town can influence. As Ayer's taxes are relatively high (for example, the FY16 CIP tax rate in Devens was \$22.64 per \$1,000 assessed value, compared to \$30.92 in Ayer)<sup>8</sup>, the Town does occasionally offset this issue through the authorization of **tax increment financing (TIF)**. TIFs are a tool which allows the Town to subsidize Ayer businesses by refunding or diverting a portion of their taxes for a defined period of time (years) to help finance

### Small Commercial Exemption (MGL Ch. 59, Section 51)

Large enterprises are not the only businesses impact by Ayer's tax policies. Small businesses and all commercial property owners are impacted by these policies and the effects are born out in different ways. For commercial landlords, and businesses whose buildings are owner-occupied, these policies can indirectly incentivize disinvestment in their properties. Any physical improvements will result in an increased assessed value which will make their taxes rise and increase operating costs. However, for landlords, this issue is particularly acute because market rents in Ayer for commercial space are relatively low, and may not offset increased costs. As there is little incentive for property owners to invest, small businesses are put in a precarious position as they are frequently faced with shouldering the costs of improvements necessary to meet building or health codes in addition to their other startup and operating costs. If these improvements lead to a higher assessment, they could have that cost passed onto them through their landlord, or if they own, they will bear all of the increased costs.

To offset this issue, Ayer's Board of Selectman can choose to adopt, on an annual basis, a Small Commercial Exemption of up to 10 percent of the value of a commercial property from local property taxes for qualifying small businesses. Qualifying businesses are defined by the Massachusetts Department of Revenue as businesses employing fewer than ten employees.

<sup>8</sup> Deven's Tax Assessor. <http://www.devenscommunity.com/assessor>. Accessed 8/8/2017.

## Economic Resources

### Ayer Industrial Development Financing Authority (IDFA)

The IDFA is a five-member board that oversees a \$1.5 million dollar revolving fund. The IDFA finances worthy community-based projects that create or retain jobs, and invests in needed infrastructure, and improvements to strengthen local business districts. The Ayer Business Loan Fund offers the following financial products to local businesses:

- Permanent Working Capital – loans from \$25,000 to \$200,000 - fixed rate for five years up to 50% of project cost
- Business Development Gap – to purchase or improve fixed assets - \$25,000 to \$200,000 15 years/ adjustable rate
- Microcapital Loan – especially for new businesses - \$5,000 to \$25,000 80% of project cost - one to five year note
- Sign and Façade – to improve the exterior of business properties - \$5000 to \$10,000 - Interest Free - 1 to 5 years<sup>9</sup>

### Nashoba Valley Chamber of Commerce

The Nashoba Valley Chamber of Commerce is a nonprofit business advocacy, community and economic development association and provides services to members businesses in Ayer, Berlin, Bolton, Boylston, Clinton, Devens, Groton, Harvard, Lancaster, Littleton, Pepperell, Shirley, Sterling, Townsend, West Boylston, Westford, and nearby towns. The chamber offers technical assistance, business training, events, marketing, and public policy work for member businesses.

### Shriver Jobs Corps Center

The Job Corps is a vocational training program administered by the U.S. Department of Labor. The Shriver Jobs Corps Center is located on Devens and serves young people ages 16 to 24. Job Corps offers training in information technology, advanced manufacturing, transportation, automotive and machine repair, construction, healthcare, and finance and business. In addition to technical training, the Job Corps assists corps members with completing their high school educations or GEDs, obtaining driver's licenses, and with improving English proficiency.

### Mount Wachusett Community College - Division of Lifelong Learning

In 2013, Mount Wachusett Community College (MWCC) was selected to oversee a grant award of \$15m from the Federal Government to oversee a consortium of community colleges offering advanced manufacturing degree programs. The project's intent is that all students will complete the training with the National Career Readiness Certificate and one or more industry-recognized certifications that can be stacked and latticed for greater skill attainment and employment flexibility. In addition, the Division of Lifelong Learning at MWCC offers workforce training programs in the following areas: accounting and finance, business, computer applications, design and composition, healthcare and medical, language arts, law and legal, personal development, teaching and education, technology, and writing and publishing.

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<sup>9</sup> Ayer IDFA. <https://www.ayer.ma.us/community-economic-development/pages/idfa>. Accessed 8/9/2017.



## Formative Issues

Assets and Opportunities	Challenges and Weaknesses
<ul style="list-style-type: none"> <li>• <b>Downtown Ayer</b> – a traditional, walkable Main Street peppered with historic buildings that honor Ayer’s heritage. Anchored by the MBTA Commuter Rail Station and the Nashua River Rail Trail, Ayer’s downtown packs more tax revenue per square foot than any other commercial district in Ayer.</li> <li>• <b>Industrial Parks and Infrastructure</b> – Ayer has long been a home to food and beverage manufacturing due to its abundant water resources and infrastructure capacity. The presence of the PanAm rail opens additional opportunities for industrial businesses relying on multimodal transportation for shipping and warehousing.</li> <li>• <b>Diverse Labor Force</b> – Although Ayer’s labor force is changing and becoming increasingly more homogenous, there is a significant presence of both “blue” and “white” collar workers. Businesses are most influenced by the availability of a workforce that suits their needs – regardless of industry – and the diversity among Ayer’s residents can serve as a magnet for business employing workers of all skill levels.</li> <li>• <b>Proximity</b> – Ayer has excellent transportation access that makes the Town within range of several commutersheds giving residents a wide range of employment opportunities and businesses a wider range of potential employees. Further, the presence of Devens-based businesses can be leveraged to increase opportunities in Ayer. For example, New England Studios at Devens contributed to two movies being filmed in Ayer in 2016-2017. Finally, proximity to natural resources and recreation resources draw outsiders to visit the Town.</li> <li>• <b>40R Smart Growth District</b> – Ayer has received a technical assistance grant from the Montachusett Regional Planning Commission (MRPC) to draft new zoning for Ayer’s Downtown. Ayer has the potential to adopt a Smart Growth district with appropriate design guidelines and standards to incentivize new mixed-used development in Downtown Ayer, including the development of affordable housing units.</li> <li>• <b>Heritage</b> – Ayer has a rich local history and lies within the Freedom’s Way National Heritage Area. Ayer can build upon its history and heritage to create a unique brand and identity to attract outsiders to visit, live, and work in Ayer.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Daytime Population</b> – Ayer’s Downtown struggles due to a low daytime population. As most residents leave Ayer to go to work, and are replaced by an inbound workforce that largely works outside of Downtown, there is a limited population to support the daytime activities of Ayer’s Downtown businesses. This issue could be offset by increasing the amount of housing in residential areas abutting Downtown Ayer.</li> <li>• <b>Transportation</b> – Many of Ayer’s businesses are not currently accessible by transit. Businesses like the Nashoba Valley Medical Center and Castania Oils are located too far from the commuter rail to benefit from its presence, creating transportation difficulties for employees. Further, a lack of sufficient truck routes creates tension between businesses and residents.</li> <li>• <b>Parking</b> – Much of Ayer’s Downtown parking is held in private ownership, and access to parking is determined by individual property owners. Coordination is required to ensure that Downtown businesses have sufficient parking to meet the demand of patrons and workers.</li> <li>• <b>High Taxes</b> – the heavy reliance on CIP taxes puts Ayer in the position of needing to decide if they are a Town who will accept any business willing to pay the premium rate because most other communities will not allow them in, or if Ayer is the kind of Town that is willing to expand the political capital to create an environment in which both high quality businesses and residents can thrive.</li> <li>• <b>Blighted Commercial Districts</b> – Ayer’s Gateways (Carlton Rotary and West Main Street) and Corridors (Park Street and Central Avenue) possess a number of underutilized and/or blighted properties. These properties make it difficult to attract new businesses to Ayer and realtors as well as local staff report “curb appeal” in the commercial districts as a major obstacle in tenanting commercial space.</li> <li>• <b>Zoning</b> – Ayer’s Zoning Bylaw is in the process of being updated, but remains a significant barrier to generating high quality development in Ayer.</li> <li>• <b>Brownfields</b> – Ayer’s industrial and military history have led to areas within the Town that have significant contamination issues and lands with Active Use Limitations (AULs) from the Department of Environmental Protection.</li> </ul>



## Recommendations:

- Adopt Small Business Exemption as authorized by the Department of Revenue to reduce the tax burden for small businesses.
- Adopt a M.G.L. Ch.40R Smart Growth Overlay District to increase the amount of high-quality commercial space in Downtown Ayer and expand economic opportunities for residents and business owners.
- Work with New England Studios to promote Ayer as a filming location for major motion pictures.
- Continue to maintain the Town's Economic Development website and promote workforce development opportunities.
- Continue to fund economic development as a municipal activity to ensure continued prosperity and increased commercial and industrial tax revenues.
- Clean up Ayer's commercial corridors by incentivizing good urban form in the public realm and encouraging public amenities such as sidewalks, landscaping, and buildings designed to interact and enliven the streetscape.

