

Opportunity Zone Program Application

The Opportunity Zone Program provides incentives for investment in low income communities.

Massachusetts Opportunity Zone Application

Nomination Process: The Baker/Polito Administration has directed the Executive Office of Housing and Economic Development (EOHED) to coordinate the nomination of low income census tracts (LICs) for the Commonwealth. EOHED has led the effort to engage municipal leaders and key stakeholders to develop the state's approach to the program. Overall, the Commonwealth seeks to nominate the maximum allowable number of tracts and to get designations in all regions of the state.

EOHED has identified the following priority criteria to help in the selection process:

Demographics – includes high poverty rate, higher than average unemployment, lost jobs due to company closings, etc.; **Planning Efforts** – the extent to which the community has developed strategic plans, implemented best practices, institute zoning changes to encourage development, etc.; and **Opportunities** – the extent to which the community can identify investment opportunities, such as investor interest in blighted properties, established incubator and/or collaborative workspaces, downtown plans that have engaged business owners seeking growth, etc.

Instructions: This application has been created to enable eligible communities to nominate LICs that they wish to be designated. Complete all of the sections/questions in the spaces provided. Please keep responses to narrative questions to 250 words or less.

More information about the program can be found at [U.S.Treasury/CDFI Fund](https://www.treasury.gov/press-center/press-releases/Pages/2017/07/20170727).

Note: *Applicants may want to compose their answers separately before starting the actual form for submission. Applications cannot be saved and will be considered final following submission.*

Application deadline is Thursday, March 22, 2018 at 5 p.m.

Applicant Information

Region (Berkshire, Pioneer Valley, Central, Northeast, Greater Boston, Southeast or Cape and Islands): Pioneer Valley

Municipality: Town of Montague

Municipal CEO Name and Title: *Richard Kulewicz, Chairman of Board of Selectmen*

Mailing Address: One Avenue A Turners Falls MA

Applicant Email Address: planner@montague-ma.gov

Phone number: 413 863 3200 x 112

Does this municipality have a Community Compact with the Commonwealth?

Yes No

Nomination of Tracts

As outlined above, communities should prioritize eligible census tracts, with demonstrated need, that exhibit significant opportunities for investment, and a high level of planning and preparation. A mapping tool can be found at [U.S.Treasury/CMIS](https://www.fishbase.org/traits/traits).

In order to achieve regional equity and ensure diversity in the types of communities selected, EOHED will limit the nominations from eligible communities as follows:

- Communities with 15 or more eligible census tracts, may nominate up to 20 percent of those tracts.
- Communities with less than 15 eligible census tracts, may nominate up to 2 census tracts.
- Up to 10 percent of the designations will be allocated to rural communities with populations less than 10,000.

TRACTS: Please type in full 11-digit GeoID (FIPS number) of the census tract(s) that your municipality is nominating. Each number should be placed on its own line, creating a list.

25011040701

Describe the tract(s) you are nominating, including (but not limited to) demographic breakdown; percentage of residential, commercial, industrial and open space uses; quality of life; major property owners and their relationships in the district; level of civic engagement and a brief history of the tract(s):

Turners Falls is a former mill town without any open mills. The last mill closed in 2017. The Turners Falls census tract 407.01 (pop.4,029) encompasses the central business district for the Town of Montague. It also includes a diversity of housing types. While the central business district has seen revitalization along Avenue A and the riverfront above the Dam, the Canal District, comprised of six former mill sites over 20 acres in the tract has been subject to continued its decline and distress, including two catastrophic mill fires. Canal District sites have potential to become assets to the community but in their current state they are a true drain on community resources and welfare. Consistent with its industrial past, MassDEP identifies 38 brownfields in tract. This is believed to be the highest concentration of brownfields in Franklin County and presents an overwhelming challenge for the town.

Turners Falls has a significant concentration of people living in poverty. There are 220 units of permanently protected affordable housing in downtown Turners Falls. This comprises almost half of the living units in the downtown area. One out of every four people in the Turners Falls are living in poverty and 29% of households receive SNAP benefits. The poverty rates (22.7%) and median household income (\$40,526) in Turners Falls are consistently higher than the Town, County, State and National averages. Turners Falls has been designated by the Mass. EACC as an Economically Distressed Area and by the Mass. EOEEA as an Environmental Justice area.

Outline any planning and programming efforts made by the municipality or other stakeholders to attract investment in the community as a whole and in the low income census tract(s) being nominated. Use the chart below to indicate specific strategies/planning that your community has undertaken. Check if your community has implemented an item in general, and then in how many of the nominated tracts.

The Town of Montague has supported planning efforts in this census tract for decades, including targeted efforts to prepare the Canal District for redevelopment. The 2013 Downtown Turners Falls Livability Plan was developed with considerable community support and identifies the community's vision for largest village. It has spurred public investments to redevelop a riverfront park, three phases of streetscape improvements, and a new municipal parking lot. While those investments have helped stabilize the downtown and attract redevelopment along Avenue A, it has yet to spur investment in the Canal District. In 2017 The Town completed a Vision Plan for Canal District that highlighted mixed use conversion opportunities and potential

recreational open space locations. Numerous other Town Plans such as the Housing, Economic Development, and Comprehensive Plans support redevelopment of the Canal District. The following actions have been taken to prepare the area for redevelopment.

- National Register Historic District which has leveraged millions of dollars of investment from Historic Tax Credits
- Zoning change to allow mixed use in canal district
- Town has taken possession of 3 of 6 mill sites for non-payment of taxes
- Town has invested over \$1M over to stabilize or clean up abandoned mill properties.
- Montague EDIC has authority to support redevelopment in Canal District
- Town designated the Canal District a Slum and Blight Designation Area in 2016 in effort to target federal CDBG funding to the area
- Montague has history of successful economic development program implementation from Tax Increment Financing to Historic Tax Credit projects.

Program, Zoning or Asset

Please indicate which of the following apply within your community.

- Approved 40R District or 40R Stater-Home District
- Urban Center Housing Tax Increment Financing
- Approved Housing Development Incentive Program Zone
- Valid, unexpired, Housing Production Plan
- Approved Urban Renewal Plan
- Approved Tax Increment Financing District
- 43D Expedited Permitting District
- Master Plan
- Economic Development Plan
- Multi-family zoning by-right
- Mixed-use/cluster zoning
- Commercial zoning by-right
- Business Improvement District, Main Street program, or similar
- Contains a collaborative workshop, incubator, or accelerator
- Federal Choice Neighborhood
- Priority Development Area
- None of the above

Detail specific opportunities for investment that exist in your nominated tract(s), including specific properties, business incubators and other avenues for business and personal property.

The steady decline of traditional industry has left the community with 6 vastly underutilized and blighted riverfront mill sites in the “Canal District”. The conditions of each site varies widely, but presents a unique opportunity for reinvestment. In total there is currently almost 1 Million square feet of floor space to be developed across the sites.

Strathmore Paper Mill- 20 Canal Road- Town Owned 227,000 sqft mill complex. Significant pre-development and feasibility work complete. Town is developing a demolition plan to prepare site for reuse. This is a 43D Priority Development Site.

Southworth Paper Mill- 36 Canal Rd- Privately Owned 244,000 square foot mill. Plant closed 2017 due to Bankruptcy. There is currently interest from industrial users planning reopen the plant. This plant currently presents the best economic opportunity for the tract.

Mill #2- 44 Canal Road- Owned by Franklin Country Regional Housing Authority. This former Mill is in the process of being sold to a Cider manufacturer from Maryland. Buyer has expressed interest in Opportunity Zone.

Railroad Salvage Mill- 11 Power Street- This mill is vacant and blighted from a 2017 arson fire. The property is in tax title and cleanup funds are needed. This property can be a 2 acre redevelopment site. A mixed use business incubator is permitted and under construction on a separate annex building that is adjacent to the property. That property was sold by the town to developer in 2016. The first floor is a collaborative workspace. The second floor is artist live/work units.

Summarize recent investments that have taken place in the last five years, or investments that have been proposed but unable to be secured, and explain why those proposals were not successful.

There is a lot of positive momentum in Turners Falls. Much progress has been made: a revitalized community theater, riverfront park, streetscape improvements, a bustling Avenue A with a 5% storefront vacancy rate. For the last 11 years the Town has supported RiverCulture- a program developed to support the fledgling creative economy, and it has paid off. Mass Cultural Council designated Turners Falls a Cultural District in 2017. However, the Canal District remains blighted and awaiting opportunity.

In 2017, the last remaining paper mill in Turners Falls closed its doors when the Southworth Company went bankrupt. In February 2018 a potential sale fell through when the buyers, another paper manufacturing company, ultimately decided that repatriation rates were not favorable for their planned investment. The loss of the mill put 60 people out of jobs and is creating an economic crisis for Montague’s water pollution control facility that depends on the flows from the mill. The Southworth mill is vacant but sits ready for reactivation. Since vacant buildings deteriorate rapidly, it is a race against time. This March, the Town met with a new

potential buyer of the mill who has expressed interest in the OZ Program, among other incentives currently available. A developer has an option to purchase Strathmore Building #11 from the town to create 22 living units. Developer is seeking financing options for initial capital outlay. Montague is a resilient town and stands ready to make immediate use of the OZ Program.

What has inhibited investment in general in your nominated tract(s) and how will Opportunity Zone designation help you overcome that.

The Chairman of the White House's Council of Economic Advisors and key architect behind the Opportunity Zone Program, Kevin Hassett is from Franklin County. Mr. Hassett has specifically cited Turners Falls and its paper mill struggles as an inspiration for his distinguished career as an economist. It would be real shame if the census tract that inspired the program was overlooked by the State.

The principal barrier to reinvestment in the Canal District specifically has been the upfront capital required to establish proper access and utilities to the mill sites over the Turners Falls Power Canal. There are 7 bridges over the canal in the census tract and 5 of them are closed due to disrepair and disinvestment by the utility company that owns the canal. The one open bridge, the only one that permits two way traffic is falling into disrepair. The bridges were all built at the same time and they are failing at the same time too. The pedestrian bridge to the Southworth Paper Company was closed the same month that the mill closed.

Since the Town owns some the key properties, the Town also stands to be in a position to work collaboratively with developers that will utilize the Opportunity Zone Incentives, among other incentives already established. The Opportunity Zone will be one additional tool in Montague's economic development strategy.

Are there regional opportunities that will benefit from investments made in your nominated zone? For example, if there is a large vacant commercial building in the nominated zone, will residents of neighboring tracts or communities benefit if that building is occupied? Why are those regional benefits important?

Turners Falls is one of the main employment centers for rural Franklin County. It is the principle center of economic activity for several neighboring towns such as Gill, Erving, Wendell, and Millers Falls. Turners Falls is a 5 minute drive from downtown Greenfield, thus the two communities share the same labor market. The Canal District along the Connecticut River actually borders the county seat of Greenfield. A single major employer will employ people from throughout Franklin County and benefit the county as a whole. The sole entity occupying one of the 6 mill sites in the Canal District is the Franklin County Regional Housing and Redevelopment Authority, which serves the entire county. Due to its prominence and central

location in the region, redevelopment of this area is specifically prioritized in the Franklin County Plan for Sustainable Development.

If you are applying for a contiguous zone designation (which requires income eligibility and is limited to 5% of the Commonwealth's overall designations), please describe why the zone should be so considered, and, because such a designation requires a contiguous eligible low income census tract to also be designated, describe why the designations of two zones instead of just the one is important.