1. Economic Development

## Introduction

This chapter assesses market and economic conditions in Mashpee, provides a local and regional context for economic development, and offers recommendations for aligning economic development efforts to meet new challenges, including:

* **An aging population.** Barnstable County residents are getting older, and there is a decline in the number of young adults.
* **Housing costs outpace wages.** Mashpee wages are relatively stable while housing prices continue to increase. The pandemic had some negative impact on housing affordability, as remote workers purchased homes on the Cape.
* **A lack of infrastructure to support new investment.** Nearly all development on Cape Cod continues to utilize on-site septic systems that release nitrogen to groundwater, which results in degraded embayment water quality. Significant investment in wastewater infrastructure is needed in the region to encourage economic growth.
* **High speed fiber cables have significant benefits to the community but can lead to legal issues in the future regarding land rights, including federal and private rights-of-way (United States Department of Energy, 2020).** They are often more expensive due to their complex design and installation costs and are more prone to physical damage due to their thin design made of glass.

## Existing Conditions

### Regional Context

The economic challenges faced by Mashpee reflect those of the greater Cape Cod region: how to grow a sustainable economic base while preserving the community’s important natural resources. One of the major factors in creating a sustainable economic base is the availability of housing for local workers. As housing and land prices increase, the cost of living and doing business on the Cape becomes unattainable for all but those in the highest income brackets. The 2017 Regional Housing Market Analysis found that residents earning less than $90,000 in Barnstable County will be housing cost-burdened (Cape Cod Commission, 2017). Since Mashpee’s median household income is $78,309, more than half of residents are considered cost-burdened (United States Census Bureau, 2020).

Cape Cod’s economy is a small business economy. Eighty-eight percent of the region’s businesses have fewer than twenty employees and many are seasonal and tourism-related (Richardson & Clinton, 2017). Location quotients (LQ) are a useful tool to identify how concentrated an industry is within an area, compared to the rest of the country. Because so much of Barnstable County’s economy is tied to tourism, it would follow that the LQ for tourism-related industries is high – meaning these types of industries are more concentrated within the county as compared to the rest of the nation. Within Barnstable County, the industries with the highest 2020 LQ based on annual average employment were Health Care and Services, Accommodations and Food Services, and Retail Trade. These industries serve as “core industries” in Barnstable County. Construction, utilities, arts, entertainment, and recreation were identified as growing sectors (United States Bureau of Labor Statistics, 2020).

In 2019, the Cape Cod Commission conducted a county-wide regional economic development analysis. This Comprehensive Economic Development Strategy (CEDS) identified the following regional priorities:

* Infrastructure in activity centers
* Last-mile broadband strategy
* Expanded financing tools for infrastructure
* Expansion of the blue economy
* Business Development to support job growth
* Education and workforce development to support wage growth
* Housing diversity and affordability
* Zoning and regulatory reform for Smart Growth/Activity Centers
* Regionalization for greater government efficiency.

Many of these priorities are relevant for Mashpee. The 2020 CEDS update identified several trends that affect economic development in the region, all of which can be found in Mashpee:

* **Aging population.** Barnstable County residents are getting older, and there is a decline in the number of young adults.
* **Stagnant wages.** Barnstable County has experienced growth in the Gross Domestic Product, number of jobs, number of businesses, and in household income levels, since the Great Recession of 2008; however, average earnings remain stagnant when adjusted for inflation, consistent with the rest of Massachusetts and the nation. Slightly under 7% percent of Barnstable County lives below the federal poverty level (U.S. Census Bureau, 2020).
* **COVID-19 impacts.** In 2020, the pandemic caused unprecedented economic distress in the region. Barnstable County faced a higher unemployment rate at 21.6% in April 2020, compared with the state (15.1%) and the US (14.7%).
* **Lack of worker housing.** Housing affordability continues to be a crucial economic challenge for Barnstable County. The pandemic had some negative impact on housing affordability, as remote workers purchased homes on the Cape.
* **A lack of infrastructure Investment.** Nearly all development on Cape Cod continues to deploy onsite septic systems that release nitrogen into the groundwater, which results in degraded embayment water quality. Wastewater infrastructure is needed in identified Activity Centers in the region to encourage economic growth.

### Mashpee Context

Like many Cape Cod towns, Mashpee’s economy is influenced by seasonal residents and tourists in the summer season. The Cape’s economy is less seasonal than during the 1990s, but it still depends heavily on the doubling of the population in the summer and spending by second homeowners and visitors. Table 2-1 shows the range of annual unemployment for both Mashpee and the state. In calendar years 2020 and 2021, the employment rates of both the Town and state fluctuated more dramatically than usual.

|  |  |  |
| --- | --- | --- |
| **Year** | **Mashpee** | **Massachusetts** |
| 2016 | 4.6 | 4.0 |
| 2017 | 4.4 | 3.8 |
| 2018 | 4.5 | 3.4 |
| 2019 | 3.9 | 3.1 |
| 2020 | 10.6 | 9.4 |

**Table 2-1. Annual Unemployment Rates, Not Seasonally Adjusted**

*Source: 2016-2020 Labor Market Information, Massachusetts Department of Economic Research, 2020*

#### Industries

As of 2020, 43% of jobs in Mashpee are in tourism-related industries. The Location Quotients (LQ) for Mashpee are consistent with the Cape-wide statistics and, outside of healthcare, involve tourism-related industries. The LQ is a way of identifying which industries take up the greatest share of the local economy – the “core industries.” As would be anticipated, the core industries in Mashpee are tourism-related and include retail, accommodations, and food services. Health services also represent a “core industry” in Mashpee, while the arts, entertainment, and recreation industries contain a relatively high share of jobs.

**Figure 2-1. Relative Share of Jobs By Industry**

*Source: Bureau of Labor Statistics, 2020*

#### Income and Wages

The 1998 Comprehensive Plan noted that Mashpee residents had lower income levels compared to other Cape Cod residents. This trend appears to have changed. Mashpee’s 2020 household income was $78,309, compared to $76,863 in Barnstable County (and comparable to Massachusetts overall at $84,385). However, while median household incomes in Cape Cod are relatively high, the prohibitive cost of living on Cape Cod, and in Mashpee, need to be considered.

While employment growth has been steady, when controlled for inflation average weekly wages in Cape Cod have not increased significantly since 1990, a trend consistent with both Massachusetts and the overall US. In fact, median earnings on Cape Cod showed a slight decline, averaging $8,000 to $15,000 lower per year than wages in the US. The gap is even greater when compared to wages in Massachusetts overall (Richardson & Clinton, 2017). In May 2020, the US Bureau of Labor Statistics (BLS) listed the average annual wage for Massachusetts as $70,010, the same measure for Barnstable County is $57,262. Although Cape Cod has a more expensive housing market than the state of Massachusetts, local wage rates are lower.

Chapter 1, *Housing*, contains more detail on issues of affordability, but it is important to note that Massachusetts is one of the most expensive real estate markets in the nation, and the median home value on Cape Cod ($414,000) is 4% higher than the rest of the state (United States Census Bureau, 2020). The affordability gap for workers on the Cape, including Mashpee, continues to widen and represents a major challenge for sustainable economic development.

The Cape Cod economy is unique because of its significant natural resources, reliance on tourism, and a disproportional number of wealthy retirees. The percentage of self-employed residents in Barnstable County was 18%, which is double the percentage for Massachusetts and the United States. Compared to Massachusetts, Mashpee and Barnstable Country also had higher rates of non-wage income – 33% versus 22% statewide (Cape Cod Commission, 2016).

The average commute for a Mashpee resident was 26.4 minutes. The current employers in Mashpee provide jobs for just under 5,000 people on average over the year, but the proportion of these jobs occupied by residents of other Cape towns is unknown. Almost 1,000 residents of Mashpee work outside Barnstable County and about 85 residents work outside the state (Cape Cod Commission, 2016).

#### Unemployment

The 1998 Comprehensive Plan also identified Mashpee as having a relatively high unemployment rate, but that trend has reversed and the employment rates over the past few years in Mashpee are generally consistent with those across Barnstable County. Unemployment in Mashpee, as would be expected, was significantly impacted by the COVID-19 pandemic. Mashpee’s unemployment rate reached 20% in April 2020, mirroring the county-wide figures. These numbers exceeded both Massachusetts and U.S. figures, which is likely due to the Cape’s considerable number of retail and restaurant uses, and to the annual seasonal dip in employment. Although the numbers are relatively low, they do not reflect the seasonal nature of unemployment in Mashpee, and on the Cape.

**Figure 2-2. Relative Share of Jobs By Industry**

*Source: ESRI*

### Land Use and Zoning

Mashpee’s tax base reflects the general land use configuration of the Town. Ninety-one percent of the total tax levy comes from residential property, compared to 86% countywide. Only 10% of the total land area is zoned for commercial (2.6%) or industrial (7.8%) uses. Approximately 28% of the total land area in Mashpee is protected open space, which includes “conservation areas that is owned by federal, state, county, municipal, and nonprofit enterprises,” per the MASS GIS website (MASS GIS, 2023).

* Vacant commercial – 214 acres
* Vacant industrial – 120 acres

In 2013, the Market Assessment for Cape Cod, Massachusetts prepared by the Chesapeake Group, Inc., projected the future demand for sales and commercial space in Mashpee. From 2013 to 2033, the Assessment projected an additional 60,000 square feet of commercial space. This is a small number considering the amount of developable land available, but Mashpee will not continue to see the rates of population growth that spur growth in the typical tourism-related industries and the pandemic’s effect on the availability of remote work options will impact an already weak office market. The report recommended zone changes to accommodate a denser, more mixed-use type of development within the existing commercial areas. It is worth noting that 85.5% of the undeveloped commercial land is within the C-1 zoning district generally located around the Mashpee Rotary and is owned and controlled by Mashpee Commons, which provides an opportunity for these recommendations to be realized.

#### Major Commercial Areas

Mashpee’s commercial and industrial uses and zones are in a few concentrated areas within the Town. The most prominent is the C-1 Zoning District where Mashpee Commons is located. The other four were the subject of a 2016 RESET study where the Town partnered with the Cape Cod Commission:

**Mashpee Commons** - Mashpee Commons is currently permitted for an additional 400,000 SF of commercial space and 482 residential units. Consensus regarding Mashpee Commons overall development/expansion goals has not been achieved and should be readdressed at an appropriate time in the near future.

**Mashpee Industrial Park** - The Mashpee Executive Park is located on Route 28 just south of the Mashpee Commons. The park has twenty-one parcels and is zoned for industrial uses (I-1) on the Mashpee Zoning Map. The Commonwealth designated the Mashpee Executive Park as an Economic Opportunity Area for property tax abatement. The park is partially within the state-approved Wellhead Protection Area on the Regional Policy Plan Water Resources Classification Map 1. The 2016 analysis noted consistent vacancies and significant non-industrial uses in an area zoned for industrial uses, which suggests that demand for industrial space at this location is fairly weak. The data also suggests that office uses may be in much higher demand, especially for medical uses that make up 37% of the uses in the Executive Park.

**John’s Pond Area -** This area includes commercial-zoned land along Route 151 between Old Brickyard Road and Algonquin Avenue and includes approximately 38 acres. This area includes commercial uses, with some multi-tenant commercial structures. The land use pattern here is an auto-oriented suburban strip. In 2016, the vacancy rate was relatively low. This area has been identified by the Planning Board as a ‘Redevelopment Priority Area’ and hopes to encourage, with future zoning bylaw changes, the production of commercial and residential mixture of uses in a pedestrian friendly and walkable built form.

**Route 130 Area –** The Route 130 Area is zoned Commercial with the remainder of this area zoned Industrial for a total area of about 198 acres.

**Route 28 East Area** – The Route 28 East Project Area includes the commercial and industrial zoned land surrounding Route 28 at the Mashpee/Barnstable Town Line and extending roughly between Old Mill Road and Cape Drive. The Project Area is approximately 57 acres, and the study identified this area as one of the more successful commercial areas within Mashpee based upon vacancy rates. This area has been identified by the Planning Board as a ‘Redevelopment Priority Area’ and hopes to encourage, with future zoning bylaw changes, the production of commercial and residential mixture of uses in a pedestrian friendly and walkable built form.

#### Natural Resources

During the 1980s, Mashpee’s population was the fastest growing in New England, increasing by 113%. At the same time, it is located almost entirely within the watersheds of two shallow, nitrogen-sensitive embayments – Popponesset Bay and Waquoit Bay East. The estuarine systems of both bays have shown significant signs of degradation, which has been documented to be attributable to excessive inputs of nitrogen. Federal, state, and local efforts have identified this issue and created regulations that are intended to mitigate the current conditions and also prevent further degradation. Chapter 4, *Natural Resources*, and Chapter 8, *Facilities and Services*, both include more information about nitrogen loading and wastewater treatment, but this is an issue that affects the Town’s capacity to encourage economic development, particularly any initiatives related to new development as these regulations increase the costs of new development.

### Economic Development Programs and Organizations

Mashpee has local organizations that are dedicated to the Town’s economic development.

**Economic Development and Industrial Corporation (EDIC)** - The mission of the Mashpee EDIC is to advocate sound growth policy, and to stimulate sustainable economic opportunities that will enhance the quality of life within the Mashpee community.

**The Mashpee Chamber of Commerce** - The Mashpee Chamber of Commerce is a dynamic and growing non-profit organization, providing its members with ways to develop their businesses through networking events, education seminars, promotional avenues in digital and print media, and more. There are approximately 330 members of the Chamber who have access to these networking opportunities, referral systems, insurance benefits, educational sessions, and sponsorship opportunities at community events.

## Challenges & Opportunities

### Challenges

Mashpee faces an ongoing challenge of identifying funding options to support local government programs. The Town lacks a grant writer, which makes securing funding for various projects more difficult. The Town has also seen a decline in its traditional “blue” economy based primarily around fishing due to shrinking public access to waterways and barriers to joining the sector, including commercial fishing and aquaculture. Many small businesses operating in the seasonal cape economy struggle to reconcile increased costs of doing business across the board, and notably wages. It is quite difficult for small businesses to compete on Cape Cod.

### Opportunities

Mashpee has numerous opportunities to expand its economy over the next few years. The Town can prioritize eco-tourism since prime greenspace is located within walking distance of highly prized commercial and retail space near the Mashpee rotary. This area has potential to be a base for eco-tourism. Tourism can also be expanded by connecting visitors to Mashpee’s historical roots. The Mashpee Historical Commission has planned walks and events in the historic areas near Town Hall. These areas include the Mashpee Historic One Room Schoolhouse, the Mashpee Wampanoag Indian Museum, Attaquin Park, Mashpee Pond, and the Mashpee River and Herring Run. These efforts could be coordinated to showcase nearby commercial establishments, which could take part in hosting events.

### Current Measures

The Town is working toward bolstering its shellfishing sector by pursuing a Commonwealth approved harbor management plan with hopes to attract commercial fishermen to the area. The Town is exploring new zoning strategies to remove barriers to entry for small businesses in the Town. The existing approach of special permit dominant zoning continues to be re-evaluated in favor of more effective practices. The Mashpee EDIC has become more involved with housing issues of-late as the housing crisis is directly impacting the Town's economic development priorities and success of the Town's small businesses.

## Goals & Policies

*Goals*

1. Ensure a prosperous and steadily growing local economy that supports financial independence for all residents while preserving Mashpee’s environmental quality, town character, and cultural heritage.
2. Bolster support for local businesses, local agriculture, and the “blue economy.”
3. Produce a stable and adequate local workforce with education and affordable living (affordable and attainable housing, education, health, transportation, childcare and recreation).
4. Meet or exceed the best available technological resources/infrastructure to ensure Mashpee is economically competitive in the region and state.

*Policies*

1. Provide financial and policy-based support for local fishers and businesses.
2. Minimize homelessness and the proportion of Mashpee residents living below the poverty line.
3. Regularly explore grant funding opportunities for projects that support Mashpee’s economic development goals whether it be related to community systems, natural systems, or built systems.
4. Prioritize economic development which create jobs with a liveable wage.
5. Promote joint economic development effort with the Mashpee Wampanoag Tribe.
6. Develop municipal broadband service.
7. Leverage the assets of the Economic Development and Industrial Corporation to better meet the needs of the local economy and to support its growth.
8. Minimize or remove barriers of entry for new startups or small businesses including but not limited to streamlining the local permitting process and incentivizing certain uses by allowing them by-right as opposed to a special permit process.
9. Increase access to childcare for Mashpee’s workforce.