

ECONOMIC DEVELOPMENT

Introduction

The Town of Hanover prides itself as a business-friendly community, boasting Route 53 as its main commercial corridor with many diverse options for retail, dining, and services. Many establishments along Route 53 draw regional patrons - the Hanover Mall, University Sports Complex, and South Shore YMCA are a few examples – but opportunities exist in Hanover for smaller commercial districts that reflect local heritage and flavor.

For a primarily residential community like Hanover, strengthening the commercial base and focusing on new growth in appropriate sectors will be critical in relieving the tax burden on local homeowners. Many residents value Hanover's close-knit community and its rich history, signaling the need for a “downtown” that allows residents to socialize, in addition to fulfilling retail and service needs.

Key Findings

- The Town of Hanover has a strong commercial base anchored by the retail industry, much of which is found along Route 53.
- The Town's industrial businesses are active and growing. They include large scale construction firms and specialized manufacturers.

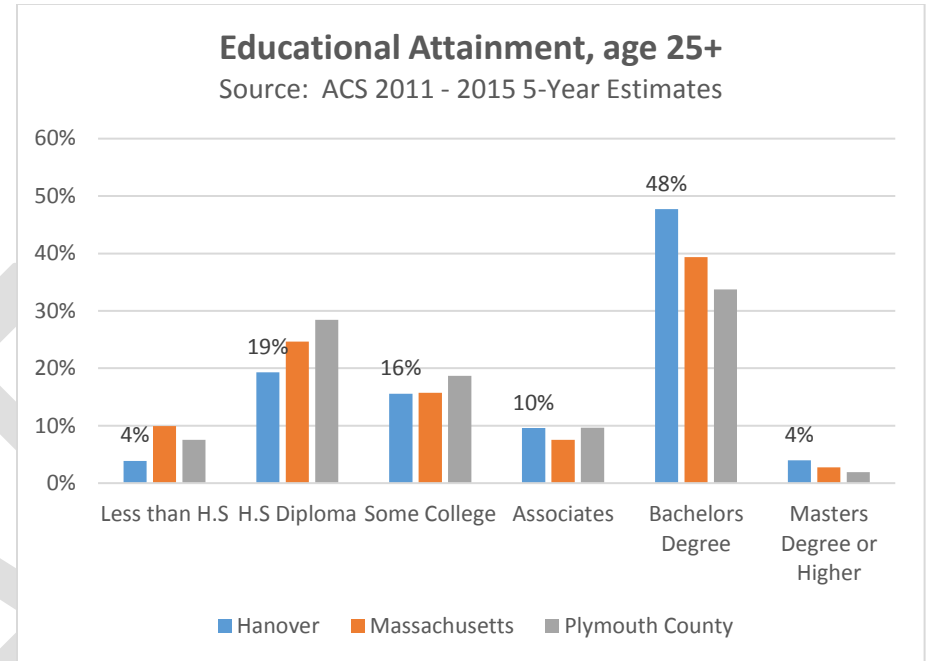
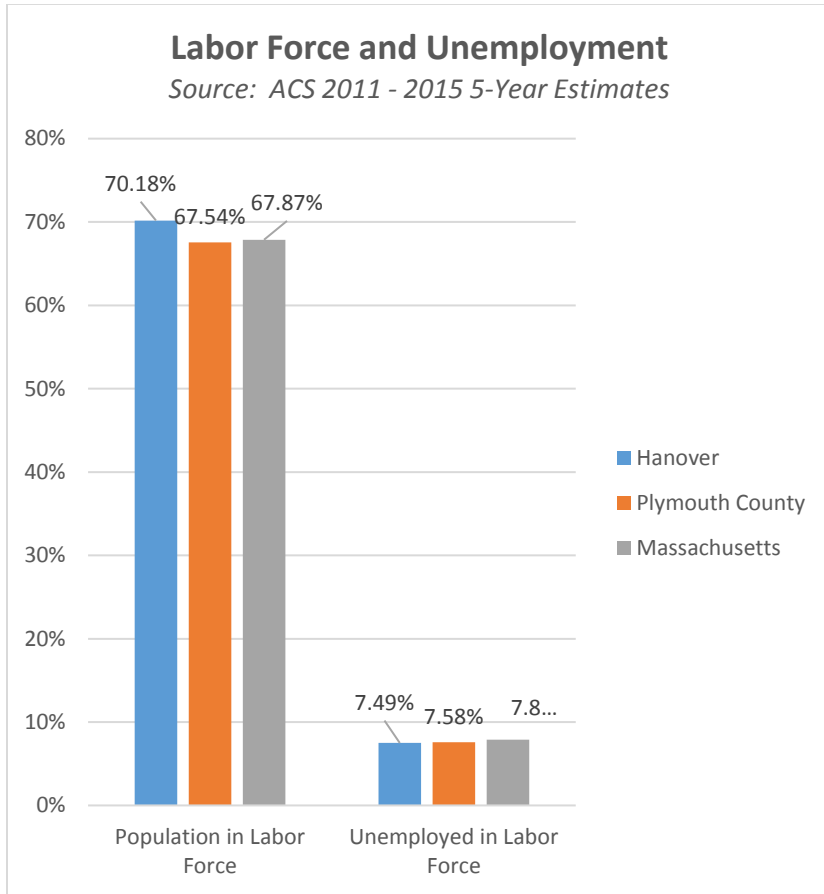
- In addition to the Route 53 corridor, Hanover has several distinct commercial areas that could benefit from additional private investment.
- The Town has a reputation of being welcoming to new businesses, but more focus on business retention may be necessary, especially for smaller retail and dining places that add to the local flavor.

Existing Conditions

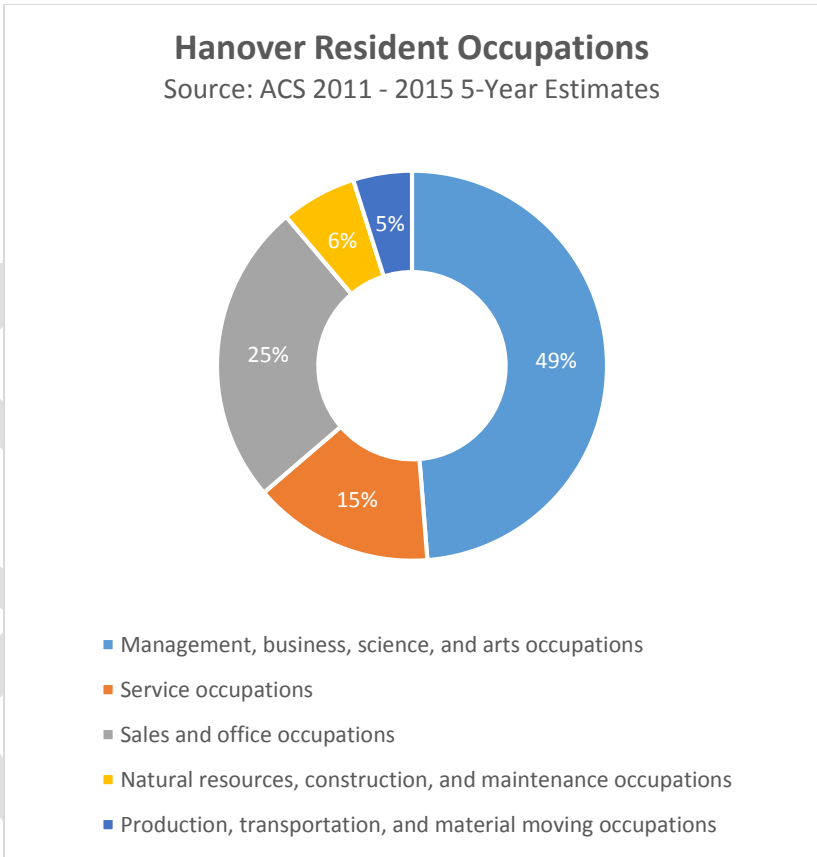
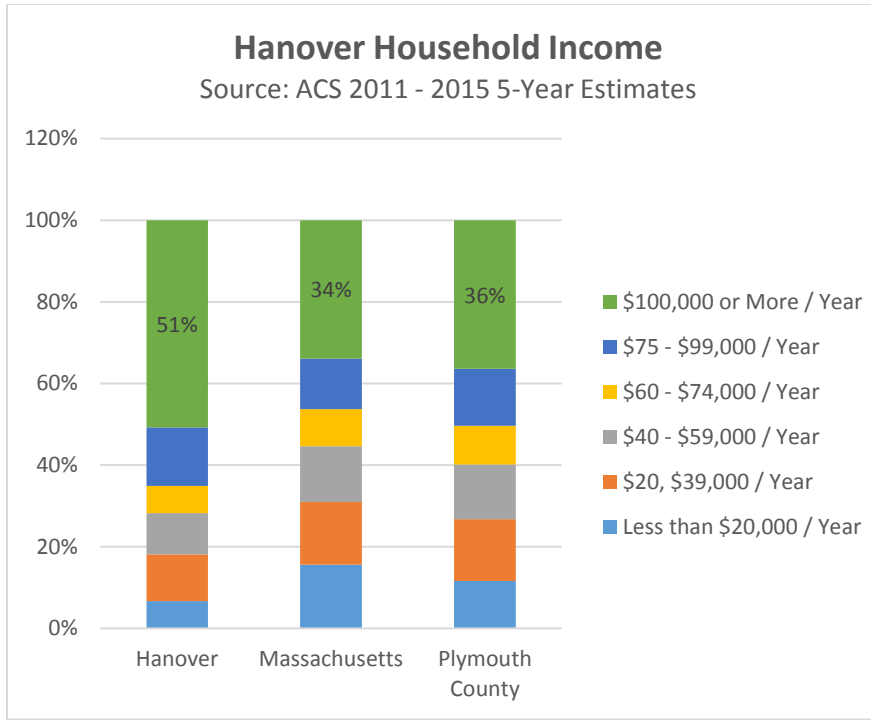
Workforce Profile

Labor Force

Participants in the labor force are aged 16 or older and employed or actively looking for work. Of Hanover's population 16 and older, 70% are in the labor force (7,718 workers). This figure is consistent with both Plymouth County and Massachusetts (both close to 68%). Hanover's unemployment rate is also consistent with Plymouth County and Massachusetts, all with rates between 7 and 8%.



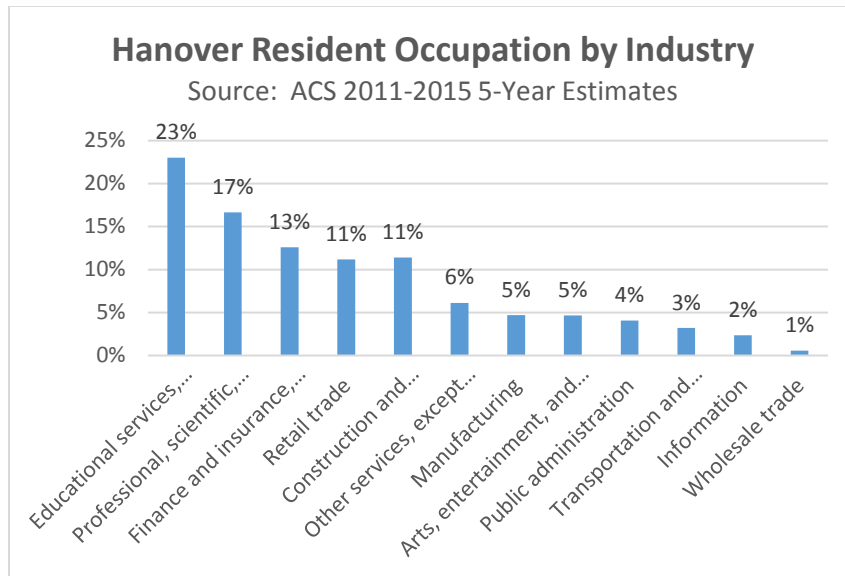
For adults age 25 and older, almost half (48%) of Hanover's population have received a Bachelors or degree or higher educational attainment. This rate of education attainment is much higher than both Plymouth County and Massachusetts overall. High educational attainment is strongly associated with higher income, and this pattern is evident in Hanover's workforce. Working adults in Hanover have much higher incomes than those in the rest of the county and the state. The median household income for Hanover residents is \$98,750 per year while it is \$75,816 for Plymouth County and \$67,846 for Massachusetts. Hanover's median family income is \$120,398, compared to \$91,593 for the county and \$86,132 for the state.



Resident Occupations

Many of Hanover’s residents are employed in high-skill jobs, a characteristic which reflects their high levels of educational attainment and higher incomes. Nearly half (49%) of Hanover’s working adults are employed in professional or management jobs.

About a quarter (23%) of Hanover residents work in educational, health care, and social services industries. Other industries where resident occupations are well-represented include professional, technical, and administrative (17%); finance, insurance, and real estate (13%); retail (11%); and construction and manufacturing (11%).



Nearly a quarter (24.3%) of Hanover residents commute to Boston for work. Quincy and Weymouth account for about an additional 11% of employment locations for Hanover residents.

Conversely, employees working in Hanover reside in many communities in the South Shore and Boston region, with Brockton being the home of the largest concentration of Hanover employees at 4.7%¹.

Industry Profile

An industry profile looks at the characteristics of local employment – the types of jobs and wages – that are located within a community. Although Hanover's

demographics and land use patterns are more typical of a suburban bedroom community and not an employment center, the town does have significant industries that provide many jobs. The town's jobs-to-resident ratio is 1.0 – for every resident in the labor force, there is one job available in Hanover. In contrast, employment centers attract workers – Boston and Cambridge have jobs-to-resident ratios of greater than one: 1.5 and 1.7, respectively. Like other more affluent communities in the region, many of the jobs in Hanover are found in retail, accommodation, and food services industries — sectors that primarily support local and regional consumers' needs. As shown in Table 1, almost 30% of the town's jobs are within retail trade and 10% are within accommodation and food services. These jobs typically provide lower wages and require lower levels of educational attainment. Therefore, it is likely that these jobs are mostly filled by employees living outside of Hanover.

The average monthly employment in Hanover in 2015 was 6,784. These jobs are mostly found along Route 53, where most of Hanover's retail and dining establishments are located.

Wages

The average annual wage in 2015 (most recent data available) for all industries in Hanover combined is \$42,744. This somewhat low average annual wage is likely due to the concentration of retail and accommodation industries that typically offer lower wages. Industries that pay higher wages in town include construction (8% of

¹ US Census Longitudinal Employer Household Dynamics, 2014

local jobs, \$73,164 average yearly wage) and professional and technical services (6% of local jobs, \$72,228 average yearly wage).

Employers

About two-thirds of the top 10 largest employers in Hanover are companies who have fewer than 50 employees. However, compared to other communities with a similar population size, Hanover has several large businesses. The YMCA, which falls within the Health Care and Social Assistance industry, employs 300 workers, making it the largest employer in Hanover. Most of the other large companies in Hanover fall within the retail industry. They include Macy's, a department store, Target and Walmart, two big-box stores, McGee Toyota, a car dealership, and Shaw's Supermarket. PA Landers, Inc., a large-scale construction materials supplier and contractor employs 225 workers in town.

Hanover is well-poised within its regional context as a desirable location for employers: the town is close to Boston and easily accessible via Route 3 and other State highways. Large employers typically locate their facilities next to regional transportation networks that offer access from multiple directions. This maximizes both employee convenience and provides convenient truck access for shipments. Recognizing the role that commercial and transportation infrastructure plays in terms of economic development, the Town of Hanover continues to advance the improvement such infrastructural systems. MassDOT recently completed the widening of Route 53 south from Route 3 and replaced the Route

53 overpass bridge.

Hanover Major Employers Source: ESRI Business Analytics		
Company Name	Industry	Estimated Number of Employees
YMCA	Health Care and Social Assistance	300
PA Landers, Inc.	Construction	225
Macy's	Retail Trade	200
Target	Retail Trade	150
Walmart	Retail Trade	150
South Shore Vocational School	Educational Services	125
McGee Toyota	Retail Trade	100
Shaw's Supermarket	Retail Trade	100
Direct Finance Corporation	Finance and Insurance	100

Table 1. Hanover jobs and wages. Source: MA ES-202, 2015.

	Number of Jobs	% of Local Jobs	Number of Businesses	Average Yearly Wages (2015)
Retail Trade	2,109	28%	135	\$33,228
Other Services, Ex. Public Admin	875	11%	82	\$21,424
Accommodation and Food Services	730	10%	42	\$16,692
Construction	597	8%	84	\$72,332
Educational Services	583	8%	9	\$56,108
Manufacturing	532	7%	27	\$65,312
Health Care and Social Assistance	408	5%	66	\$41,444
Professional and Technical Services	403	5%	74	\$72,228
Management of Companies and Enterprises	255	3%	3	\$75,088
Wholesale Trade	164	2%	47	\$94,276
Administrative and Waste Services	160	2%	33	\$51,168
Real Estate and Rental and Leasing	156	2%	22	\$39,104
Finance and Insurance	151	2%	28	\$66,456
Arts, Entertainment, and Recreation	135	2%	12	\$14,352
Transportation and Warehousing	117	2%	9	\$38,064
Information	81	1%	8	\$52,260

Major Commercial Areas

Businesses in Hanover are currently concentrated within five major areas/corridors: Route 53, Four Corners, West Hanover Village, Crossroads, and the Fireworks District. Despite a wealth of commercial districts in town, none of these areas are considered Hanover's "downtown". The Town Center revolves around the Town Hall at 550 Hanover Street, which serves as a civic center where the public library and the police and fire stations are located.

The majority of Hanover's commercial areas are accessible only by car, but small, walkable neighborhood businesses can be found in Four Corners.

Route 53

The most extensive commercial area in Hanover is along Route 53, starting at the northern town limit. Route 53 begins in Quincy, passing through Weymouth, Hingham, the entire eastern length of Hanover, Pembroke, and ending in Duxbury.

Route 53's retail landscape is dominated by big box stores, banks, fast food restaurants, and other national chain stores such as Michael's, PetSmart, and Target which provide a strong commercial tax base for Hanover. The northern gateway to Hanover is home to Assinippi Corner, where Merchants Row Shopping District and several auto dealerships are located. In addition there are some smaller, locally-owned retail and dining places such as the Toy Box and Epicurean Kitchen that can be found along the corridor. Most of Hanover's professional service establishments are also located along this corridor and many people come from outside of Hanover to frequent these businesses

The University Sports complex acts as a major attraction for Hanover. The complex hosts tournaments, major events, and local sporting activities for a broad audience. Its success has spurred on some additional activity on Route 53, but also has been known to cause traffic congestion during large events.

Also located on Route 53 is the Hanover Mall, which includes a Macy's, Sears, Walmart, and Trader Joes. The mall was recently purchased by a national development firm PECO Real Estate. The new owner is considering various redevelopment scenarios and a Tax Increment Financing mechanism has been proposed by the developer to help subsidize the upfront redevelopment costs for the property.

Non-corporate businesses operating on Route 53 have cited rising rents and tough competition with national chain stores as challenges to operation. In conversation, they also cited crossing Route 53 safely as a potential detriment to business.

Four Corners

At the southern end of Route 53 in Hanover is the Four Corners business district. While this smaller commercial area also contains some chain stores and restaurants, it is home to a number of "mom and pop" establishments like Pottery Playce, Giuseppe's Cakes, and Hanover Lobster and Seafood.

Sitting vacant in the Four Corners district is the Building 19 store that closed in 2013 when the retail chain went out of business. The adjacent building that once contained the Seasonal Pool and Patio Center has also been vacant for an extended period of time.

West Hanover Village

Another commercial corridor in Hanover is West Hanover Village, which runs along the western end of Hanover Street (Route 139). This area has a small shopping area at 1390 Hanover Street which includes Simmons and Sons Flooring, Boston Fire Sprinkler, DJ Meads Photography, New England Driving School, and Pasquale's Prints. Also along this corridor are a handful of hair salons (including one for canines), automotive services, a Dunkin' Donuts, and a local pizzeria.

Crossroads

The Crossroads commercial area is located at the intersection of Routes 53 and 139. In addition to the usual suspects such as a Shaw's, Tedeschi, and CVS, along with a number of commercial banks, this district has a strong contingent of mom and pop retail and food establishments. These include the Crossroads Café and

Deli, Good Health Natural Foods, Hanover House of Pizza, and Crossroads Music.

Fireworks District

The legacy of Hanover's reputation as the nation's largest ammunition manufacturer is manifested in the Fireworks District - a large industrial business zone located in the southwestern part of town. This area is now home to an active and diverse cluster of businesses in the manufacturing, construction, repair, and wholesale trade sectors. These businesses include Anchor Excavating, Triangle Engineering, and PA Landers. The area has seen significant investment in the last decade, with several new buildings being constructed in recent years. There are still some vacant and underutilized sites in the district that could be activated and further grow this area as a large employment district for high skilled and high wage jobs.

Retail Opportunities

Since retail establishments hold a significant portion in Hanover's commercial base, a retail gap analysis can identify potential opportunities in this sector. A retail gap analysis looks at local supply and demand of certain goods. When goods and services must be purchased outside a given trade area, this is referred to as leakage (the positive green numbers in Table 2), when estimated purchases by area residents exceed estimated sales. A surplus (the negative red numbers) occurs when estimated sales in a trade area exceed expenditures by residents, indicating that customers come from elsewhere to make purchases in the area. Leakages may

point to the retail categories that have the greatest potential for growth.

At the industry group level, it appears that the greatest opportunities for growth are for health and personal care stores, as well as electronics and appliance stores. However, looking at the sub-industry groups reveals additional opportunities for growth within food and beverage stores, general merchandise stores, and food services and drinking places. For example, Hanover can support additional full-service restaurants, specialty food stores, liquor stores, and general stores like gift shops. These establishments can serve to fill a niche demand for more neighborhood stores and restaurants that are in demand by Hanover residents.

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Table 2. Retail Gap Analysis. Source: ESRI 2016.

Industry Group and Subgroups	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	# of Businesses
Motor Vehicle & Parts Dealers	\$64,844,250	\$185,155,720	-\$120,311,470	23
Furniture & Home Furnishings Stores	\$9,776,342	\$12,689,690	-\$2,913,348	16
Electronics & Appliance Stores	\$22,915,239	\$22,561,702	\$353,537	22
Bldg Materials, Garden Equip. & Supply Stores	\$13,966,725	\$35,013,049	-\$21,046,324	17
Food & Beverage Stores	\$58,537,797	\$67,003,373	-\$8,465,576	20
Grocery Stores	\$48,911,049	\$63,625,589	-\$14,714,540	12
Specialty Food Stores	\$4,288,186	\$1,668,810	\$2,619,376	5
Beer, Wine & Liquor Stores	\$5,338,562	\$1,708,974	\$3,629,588	3
Health & Personal Care Stores	\$21,538,071	\$10,674,149	\$10,863,922	10
Gasoline Stations	\$17,519,525	\$20,471,130	-\$2,951,605	9
Clothing & Clothing Accessories Stores	\$21,421,792	\$36,921,933	-\$15,500,141	40
Sporting Goods, Hobby, Book & Music Stores	\$9,534,333	\$29,305,124	-\$19,770,791	23
General Merchandise Stores	\$36,786,988	\$116,841,082	-\$80,054,094	8
Department Stores Excluding Leased Depts.	\$27,138,704	\$114,246,211	-\$87,107,507	5
Other General Merchandise Stores	\$9,648,284	\$2,594,871	\$7,053,413	3
Miscellaneous Store Retailers	\$10,496,672	\$30,663,000	-\$20,166,328	41
Nonstore Retailers	\$7,939,904	\$434,942	\$7,504,962	1
Electronic Shopping & Mail-Order Houses	\$5,511,419	\$0	\$5,511,419	0
Vending Machine Operators	\$261,263	\$0	\$261,263	0
Direct Selling Establishments	\$2,167,222	\$434,942	\$1,732,280	1
Food Services & Drinking Places	\$32,936,926	\$36,742,286	-\$3,805,360	58
Full-Service Restaurants	\$20,033,299	\$15,771,326	\$4,261,973	26
Limited-Service Eating Places	\$11,158,609	\$18,401,387	-\$7,242,778	27
Special Food Services	\$831,557	\$1,722,702	-\$891,145	4
Drinking Places - Alcoholic Beverages	\$913,461	\$846,871	\$66,590	1

Other Opportunities

Non-Resident Market Segments

Hanover's commercial establishments attract patrons from the region and beyond. For instance, sports tournaments held at the University Sports Complex draws attendees not just from other communities but also out of state. The South Shore YMCA is a popular destination for local and regional members alike. The town is well poised to capture spending from these visitors by targeting growth in specific industries, such as specialty retail and full-service dining.

As mentioned earlier, businesses in Hanover employ approximately 5,000 people that do not reside in Hanover. This daytime population represents a market segment that could be interested in local goods and services, such as lunchtime meals, dry cleaning, banking, shopping, etc.

Fiscal Conditions

Compared to neighboring communities Pembroke and Rockland who have very similar FY2016 total budgets, Hanover's Town revenue relies more heavily on property taxes. About 65% of Hanover's total budget comes from its residential tax levy, compared to 59% for Pembroke and 53% for Rockland. However, these other communities are much more dependent on state aid—about a quarter of Pembroke's (24%) and Rockland's (25%) budgets come from state aid, compared to 15% for Hanover.

As evident in Table 4, Hanover has very similar tax rates for residential properties as for commercial/industrial properties (CIP), though it technically has a split tax rate since they are different. The FY2016 tax rates in Hanover are \$16.86 per \$1,000 assessed value for residential properties and \$17.88 per \$1,000 assessed value for CIP. The communities immediately adjoining Hanover—Hanson, Norwell, Pembroke, and Rockland—all have the same residential and CIP tax rates for residential. Other communities in the area such as Braintree, Quincy, and Weymouth also have split tax rates, though in these communities the commercial rate is much higher than the residential rate. In these three cities, there were lower residential tax rates than in Hanover but substantially higher CIP rates.

The CIP tax rate hit a low in Hanover during 2005. During that year, the CIP tax rate was \$10.89 per \$1,000 assessed value. Since then, the rate has increased by 64%. Hanover's residential tax rate hit a similar low during 2008 when it was \$10.61 per \$1,000 assessed value. It has since risen by about 69%.

In 2016, the average single family tax bill for Hanover homeowners was \$7,581. The only nearby community with a higher average single family tax bill is Norwell at \$9,495 a year, even though Hanover has slightly higher tax rates for both residential properties and CIP. Generally speaking, the tax bill for an average single family home in Hanover is so high because of high average values for homes in town. The average for single family homes in Hanover is \$449,649.

There are often complaints from residents about high taxes. However, conversations with residents have revealed that there is a high level of distrust about how

the government is spending their tax dollars. As such, the best way to address this issue may be through greater transparency related to government spending.

Table 3. Hanover average single family tax bill vs. tax rates, FYS 2003-2016.

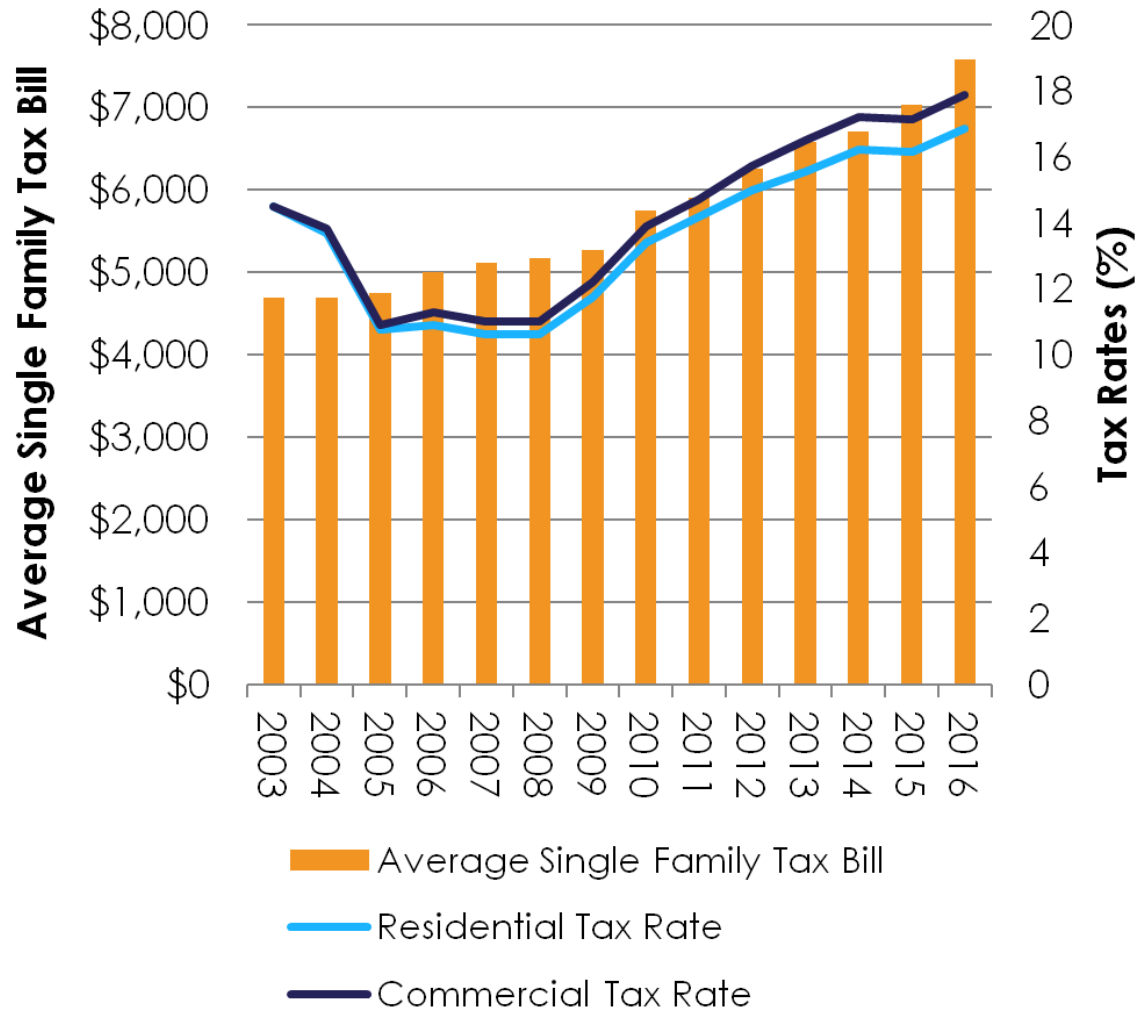


Table 4. Tax rates, Hanover and nearby communities (FY2015).

	2013 Population	2015 Avg. Single Family Tax Bill	2013 Income per Capita	2014 EQV per Capita	Average new property growth ('12-'14)	
Hanover	14,280	\$7,038	\$45,776	\$166,913	1.33%	
Neighboring communities	Hanson	10,324	\$4,556	\$31,241	\$111,691	1.13%
	Norwell	10,723	\$9,183	\$79,043	\$219,745	0.84%
	Pembroke	18,097	\$4,915	\$35,539	\$131,693	0.95%
	Rockland	17,632	\$4,843	\$26,391	\$98,609	1.24%
	Holliston	14,162	\$7,495	\$49,993	\$148,110	1.48%
Comparable communities	Ipswich	13,574	\$6,179	\$48,231	\$183,580	1.27%
	Medway	13,053	\$6,610	\$44,616	\$132,197	1.48%
	Northborough	14,762	\$6,485	\$48,470	\$180,907	3.20%

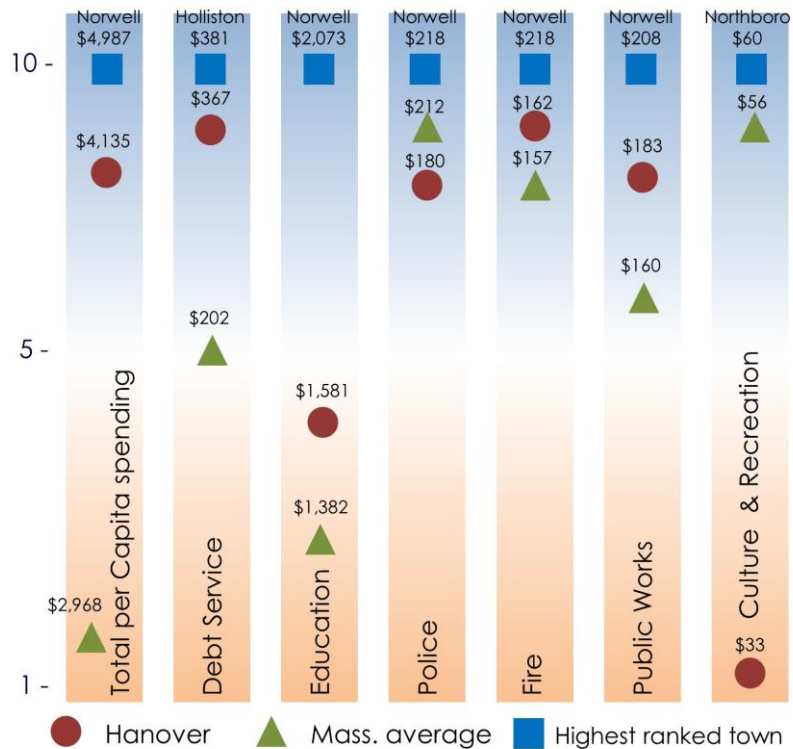
Compared to other nearby communities in and around the South Shore, the Town of Hanover expends more general funds on General Government (9.8%) and Debt Service (10%). General Government refers to expenditures related to legislative operations, executive operations, financial administration, operations support, licensing and registration, land use, and development. Debt Service refers to periodic payments of principal and interest amounts made on local debt, either in the short- or long-term.

Of all nearby communities, Hanover spends the least on Culture & Recreation; it makes up only 1% of Town

expenditures. This may be leading to missed opportunities for quality of life improvements and economic development.

Hanover also spends the least on Human Services. Along with the Town of Braintree, Hanover allocates 0.8% of funds to that expenditure. Human Services funds usually go to health inspection services, clinical services, public assistance, and special programs such as the Council on Aging and veterans services.

Expenditures per capita, ranked in comparison



Source: Town of Hanover FY 2017 Annual Budget, Community Comparison Report

Figure XX. General fund expenditures per capita, compared to other communities.

Public Input

Hanover 300 Community Visioning

From May to July 2016, Hanover 300 kicked off with a community visioning process. Throughout this community engagement process, nearly 1,000 residents participated through pop-up events, a website, and an online survey. A significant portion of homeowners were concerned about taxes that are comparatively higher than nearby communities. Other recurring concerns included the physical landscape of Route 53 and the lack of a social/village center that serves as a “downtown”.

Many residents are also acutely aware of underutilized properties in town, including vacant storefronts and parcels in the town's many commercial areas. Generally, the community would like to see economic activity in existing opportunity sites, rather than new construction.

Interviews with Local Business Owners

As part of the existing conditions research, a group of local businesses owners and managers were interviewed to identify existing and potential barriers and opportunities for economic development in Hanover. Business owners easily arrive at the consensus that the Town is generally business-friendly, and the permitting process was streamlined and easy to navigate. In their experience, customer service at Town Hall was excellent and helpful – a factor that was often cited as a reason for owners to locate their businesses in town.

When asked about future growth in town, however, many businesses are unsure whether existing conditions

would allow them to expand. For instance, small businesses on Route 53 compete against large, national chains and the car-oriented layout of the corridor poses a challenge for these “drive-by” businesses to attract new customers.

Community Growth Open House

On September 19, Hanover 300 conducted a public forum called Community Growth Open House where residents can provide their ideas on the town's future in housing, economic development, and transportation.

On the subject of economic development, participants were presented with information how the town's existing industry and workforce profiles, in addition to a breakdown of Hanover's most recent tax expenditures. According to feedback from participants, residents would like to see more neighborhood-oriented businesses, such as small specialty retail and full service restaurants. In regards to tax expenditure, participants agree that education remains the top priority, but would like to see the Town increase its expenditure on culture and recreation, public works, and human services.

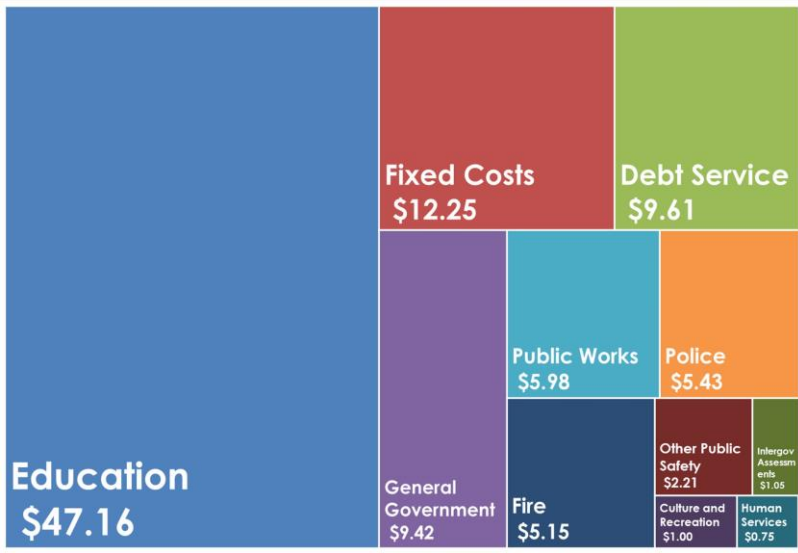


Figure XX. Hanover general fund expenditures, FY2015.

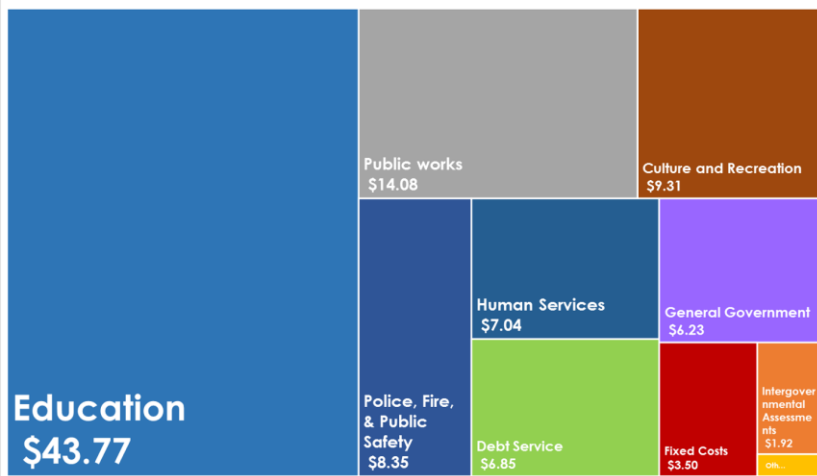


Figure XX. Community Growth Open House participant input on general fund expenditure breakdown.

