



First-of-Its-Kind Commonwealth Development Compact Seeks to Build Greater Opportunity Between State-Wide Real Estate Developers & Suppliers of Color

Cities of Boston, Cambridge, Lynn, Salem, and Somerville sign on to pilot



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In Massachusetts, construction represents an \$11.7B industry, where development projects (both private and public) make up approximately 3.7% of the state's GDP (\$543B in 2022).

While this means strong business for those currently in the Commonwealth construction mix - particularly on private contracts that represent the lion's share of work - it does not mean equal opportunity or access to the market for everyone.

Local enterprises owned by people of color - from architecture firms and developers to construction companies, sub-contractors, and other suppliers - currently lack a seat at the development

table. This directly affects their ability to scale and expand their businesses which could be contributing far more than they are now to our local economies and job market.

Unfortunately, these experiences and disparities are part of a nation-wide issue, with Black and Latiné-owned developers making up less than .6% of the country-wide construction industry (1% for Black-owned firms and 5% for Latiné-owned), and realizing only \$17M to \$49.9M of the U.S. Census Bureau's reported \$1.8T in national construction spending in February 2023 alone.

To help gain a better understanding of Massachusetts' contribution to this enormous equity gap and to act locally to help tackle it, a first-of-its-kind effort called the Commonwealth Development Compact was recently announced. The Compact seeks to embed diversity, equity and inclusion (DEI) goals into the real estate development processes of cities and towns across the Commonwealth, and centers on voluntary data sharing, gap analysis, and collaboration between nonprofit, public, and for-profit organizations to grow relationships with construction-related businesses owned by people of color and women.

Working to jump-start the effort, the Civic Action Project and Eastern Bank Foundation came together last spring to begin mapping out core needs, challenges, and solutions, and then quickly engaged the Boston Society for Architecture and the Builders of Color Coalition to help further develop the concept, think through initial steps, and make it actionable. This partnership brings strong expertise and relationships together to deepen the commitments and capacities of public and private sector partners to equitable development. It also expands the acclaimed Massport bidder selection model which puts a 25% weight on developer's DEI strategy.

As a result of the Compact partners' initial efforts, the mayors of Boston, Cambridge, Lynn, Salem, and Somerville have agreed to be initial signatories of the Commonwealth Development Compact and participate in a Commonwealth Development pilot program. Lt. Governor Kim Driscoll has urged other mayors and communities across the Commonwealth to follow their lead.

Leveraging the unique Compact model, these first five cities have agreed to four actions:

1. Use their best efforts to require that a DEI Plan comprise 25% of the comparative evaluation of each proposal submitted for the development or other disposition of municipal owned properties.
2. Request that all projects requiring a special permit, variance, or other zoning relief (within thresholds to be determined by the individual municipalities), include a Diversity, Equity, and Inclusion Plan Disclosure (DEI Plan Disclosure).
3. Serve as active promoters with developers, stakeholders, public officials, and city agencies on the City's interest in diversity, equity and inclusion by explicitly including DEI-related community benefits in the list of priorities that municipalities expect to be addressed in developers' proposals.
4. Discuss the findings and experiences of implementing these policies and share feedback with the participating municipalities and Compact partners.

With the business impact that commercial and residential real estate construction and development represent in the Commonwealth, this pilot program and the Compact have excellent potential to bridge access to new economic opportunities for all our businesses and to help create the more equitable State we know we can be. The goal is to begin taking larger steps towards building wealth among communities that have for too long been largely excluded from this critical piece of our economic infrastructure.

Natalia Urtubey is an Eastern Bank Foundation Fellow and former Director of Small Business for the City of Boston's Office of Economic Opportunity & Inclusion.

About Eastern Bank Foundation:

To achieve a just, equitable, and inclusive society we believe individuals, families, and communities who have been historically and systematically excluded from America's prosperity need access to the resources and opportunities that can help them thrive.

Eastern Bank Foundation listens to and partners with our neighbors and fellow change-makers across nonprofit, for-profit, and government sectors - especially in our Gateway Cities - to address a wide variety of needs articulated by our communities.

We invest in community-led organizations to promote structural change that builds economic inclusion, mobility, and social justice, with one of our core focus areas being to help improve the outcomes for businesses owned by people of color, women, and the LGBTQ+ community.

This work dovetails with our other core areas including enriching early childhood development, securing safe and affordable housing, and promoting workforce development.

For more information, please visit: Boston Society for Architecture | BSA Hosts Signing Of Regional... (architects.org), Eastern Bank Foundation | Eastern Bank (<https://www.easternbank.com/eastern-bank-foundation>)



On Monday May 8th mayors and signatories from Boston, Cambridge, Lynn, Salem, and Somerville came together to commit to the new Commonwealth Developer Compact. This Compact is aimed at helping build more equity and opportunity for businesses run by people of color and women in the regional development and construction industry. The cities were joined here by Compact Partner leaders from Civic Action Project, Eastern Bank Foundation, Boston Society for Architecture, and Builders of Color Coalition.