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THE FINANCIAL SERVICES AND REAL ESTATE WEEKLY FOR MASSACHUSETTS

Delivering Timing and Predictability in Real Estate Costs

BY STEVE ADAMS
BANKER & TRADESMAN STAFF

Q: What are Business Development Strategies' core services?

A: If companies have corporate real estate expansion plans here in Massachusetts, we assist them by supporting state and municipal tax incentives such as the TIF [tax increment financing] program under the state's Economic Development Incentive Program. If they are looking for expansion buildings or a land parcel, it is good for companies to lock up their project costs. I was a former regional director for the Massachusetts Office of Business Development, working out of the Worcester office. We worked with companies that were making a decision to locate in Massachusetts or out of state, and represented to them all of the tools available at the time.

From there I was recruited by Ernst & Young managing their state and local tax practice here in New England. Before I actually was a retailer by trade. I had my own women's apparel shop in the Metrowest area, and to be honest, I could not be doing what I'm doing if it weren't for my background in retail. I was on the streets of New York negotiating for goods. My retail background gave me my sales and negotiating skills.

Over the years, we have built a team of 10 here at Business Development Strategies, including a TIF attorney. We have a CPA and a local assessor, and all of our other team members are former state and local officials. We have the subject matter specialties to move forward these major real estate expansion projects in the timelines that companies expect. They need predictability. We brought in a local assessor because we are projecting the assessed values of all of these buildings for our clients, whether it was the TripAdvisor building in Needham or Watson-Marlow at Devens.

Over the years, we've worked with close to 200 companies and saved our companies over $200 million in local taxes. Our clients include publicly-traded and privately-held companies in life sciences, manufacturing, innovation technology and distribution.

Q: How have the state's incentives changed in recent years?

A: Back in 2010 through 2018 there were sweeping legislative changes. They streamlined it so it's more business-friendly, and so every community in every corner of the commonwealth has these tools available to offer businesses if they need it. They must be retaining or creating jobs in Massachusetts, and they must have some type of real estate proposed, whether it's renovating an existing building or putting shovels in the ground. The benefits go through the job creator, whoever the end user is. The developer becomes part of the program because they are the taxpayer of record and they end up passing through any potential tax savings. Most are triple-net lease arrangements. The tenants are paying the real estate taxes. All of these programs need a municipal vote by a select board or a town meeting.

Q: Do your services include community outreach to build public support?

A: It's a very engaging process: very transparent, many meetings including a meet-and-greet to make sure this is the type of company the municipality is looking to attract. A pro-business community will consider having a special town meeting if they're really interested in a particular company. Education is essential. It's a grassroots campaign making sure everyone understands who the company is. We are also providing the economic impact analysis: how much the employees are planning on spending in the community. Most of our clients are extremely community-involved. In probably 50 percent of the projects that we work on, the companies are looking to expand in the communities they are already located in.

Q: What prompted Watson-Marlow to settle on Devens for its North American headquarters?

A: They were looking to expand their manufacturing capabilities, so they conducted a site search all throughout Massachusetts and beyond, and they homed in on Devens. They wanted to make sure they secured some substantial tax incentives to make the project economically feasible. [The TIF agreement we negotiated] is a 10-year property tax exemption, based upon the increased assessed value of the property. Essentially, it's a discount on future taxes. The beauty of a TIF is the city or town does not lose a dime on existing taxes. If the company decides to locate in that community, the new taxes would be look at in a particular TIF arrangement: from a minimum of five years to 20. The minimum [increment] is 1 percent and maximum is 100, so it's very flexible. No TIF deals are alike in Massachusetts. The state Economic Assistance Coordinating Council has the final say.

Q: What are the major competitive disadvantages to doing business in Massachusetts?

A: This is what our clients are saying to us: access to workforce is a challenge. And this has been going on since before the pandemic. We all know housing is a challenge. Transportation is a challenge as well. ◀

Insider Insights

Lynn Tokarczyk

TITLE:
President, Business Development Strategies Inc.

INDUSTRY EXPERIENCE:
28 years

Lynn Tokarczyk's background in retailing helped her hone her negotiating skills, while a previous role at the Massachusetts Office of Business Development immersed her in the Bay State's incentive programs to encourage economic growth and relocation. For the past 21 years, Tokarczyk has advised companies on public programs that reduce long-term costs of doing business. Her firm, Business Development Strategies, recently worked with British manufacturer Watson-Marlow Fluid Technology Solutions to negotiate tax incentives with MassDevelopment for its 150,000-square-foot North American headquarters which opened in May at Devens.

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TOKARCZYK'S FIVE FAVORITE PASTIMES OUTSIDE WORK:

1. Spending time at home on Cape Cod
2. Following sunsets
3. Ballroom dancing
4. Piano playing
5. Pickleball