Stimulating Transformative Investment in Gateway Cities
February 27, 2019

#MassTOD
About Transformative TOD

Goal
Transit-oriented development in Gateway Cities and adjacent communities along existing and planned rail corridors that transforms the rider and resident experiences

Recommended Strategies
• Facilitating and coordinating public and private investment in development
• Facilitating and coordinating public investment in transit
• Balancing the responsibilities of the state with those of local communities
Promise and Potential of Transformative TOD

**Figure 3-3:** Growth in Population and Jobs in TOD Areas at Optimal Buildout, All Gateway Cities

**Figure 3-1:** Existing Development vs. Capacity at Optimal Buildout, Case-Study Cities

Source: RKG Associates and Hodge Economic Consulting
Stimulating TOD with Opportunity Zones (OZ)

U.S. Tax Cut and Jobs Act (TCJA, 2017)
- Bipartisan federal tax incentive
- State-established Opportunity Zones
- Low-income Census Tract (per NMTC)
- Designation for up to 10 years
- Opportunity Fund: Self-certified vehicle for OZ property investment
- Investments: 90%+ must be equity

Source: Authors’ analysis of designated Opportunity Zones.
Stimulating TOD with Opportunity Zones (OZ)
Stimulating TOD with OZ and HDIP

**HDIP (MGL 40V, 2010)**

- Market-rate housing in Gateway Cities
  - Local Tax Increment Exemption (10%-100%)
  - State Expenditure Credit (25% of costs)
- Housing Development zone requirement
- Allotment increase in 2016
  - $10 million annual tax credit cap
  - $2 million per project cap
- 67% of GWC projects in TOD zones (18)
  - 78% Mixed Use (14)
  - 22% Residential (4)

**Figure 3. Investment Per Market-Rate Unit for Completed Projects in TOD Areas, 2016–2018**

- Local Tax Credit: $13,580
- State Credit: $20,201
- Private Investment: $227,697
Stimulating TOD with OZ and HDIP
Stimulating TOD with OZ, 40R, and 43D

**MGL 40R Smart Growth Zoning**
- Zoning overlay districts
- 20% project/district affordability requirement (80% AMI)
- TOD = eligible location
- As-of-right permitting
- 120-day decision limit

**MGL 43D Expedited Permitting**
- Priority development sites
- 50,000 sf minimum
- Single contact for permitting
- Transit proximity encouraged
- Opportunity in TOD for large parcels & scattered sites
Stimulating TOD with OZ, 40R, and 43D

Figure 1: Gateway Cities with 40R and 43D Designations

Number of Gateway Cities

- With Rail Stations: 13
- With 43D Site(s) within 1/2 mile of Station: 4
- With 40R District(s) within 1/2 mile of Station: 3
- With both 40R and 43D within 1/2 mile of Station: 1
Stimulating TOD with OZ, 40R, and 43D