



July 18, 2022

The Honorable Karen Spilka, Senate President  
State House  
Boston, MA 02133  
*via email*  
Re: Housing Development Incentive Program

Dear Senate President Spilka:

We, the below signed Gateway City mayors and managers, respectfully write to ask you to increase the annual cap on the Housing Development Incentive Program (HDIP) as recommended by the Joint Committee on Economic Development (H. 4864) and included by the House in their recently approved economic development package (H. 5007). This entails a one-time cap increase of \$57 million in FY2023 to eliminate the program's crippling 6-year waitlist, followed by a permanent cap increase from \$10 million to \$30 million.

HDIP has proven to be the state's most popular and effective program for creating housing in our small city downtowns and transit areas. Every project to receive state HDIP funding must first be endorsed at the municipal level with the award of a Tax Increment Exemption (TIE) agreement. This local contribution helps makes the project viable and ensures that it enjoys strong local support before going to DHCD for consideration.

Fixing and expanding HDIP is our top housing priority. We sincerely appreciate your leadership on this issue in the past and respectfully ask for your support to see it over the finish line this session.

Nearly 2,300 units are in the HDIP pipeline, which in total represents more than \$700 million of needed investment in our cities. Many of these projects are stalled and risk falling apart if the cap is not increased this year. Funding has not increased from \$10 million since HDIP was created as a pilot program in 2014 despite its evident success. With an expanded program, MassINC estimates that HDIP could produce 12,000 units and nearly \$4 billion of investment over the next ten years in Gateway Cities.

Even as many towns fight new housing and take years to permit projects, our communities stand ready to address the state's housing crisis by adding homes at all income levels. We embrace racially and economically diverse residents and are striving to create more compact, lively neighborhoods. But we need the state's partnership.

We continue to face development challenges unique to older cities with weaker markets. Even now, with historically strong market conditions, moderately-sized housing projects (20-80 units) often fail to obtain traditional financing because construction costs are comparable to Boston but the rents may be much lower, resulting in negative cash flow. HDIP is the state's only housing program designed to solve this issue.

Gateway Cities are working to attract market rate development while also helping residents with the high cost of housing. We need both HDIP and affordable programs in the toolbox to maximize and diversify our housing supply. By promoting mixed-income communities, this program can help the Commonwealth achieve more balanced growth across the state and reduce racial and economic segregation in Massachusetts.

Thank you for your attention. Please feel free to contact André Leroux of the MassINC Gateway City Innovation Institute at [aleroux@massinc.org](mailto:aleroux@massinc.org) or 617-251-3861 with any questions.

Sincerely,

Paul Heroux, Mayor of Attleboro  
Robert F. Sullivan, Mayor of Brockton  
Thomas Ambrosino, City Manager of Chelesea  
Carlo DeMaria, Mayor of Everett  
Paul Coogan, Mayor of Fall River  
Stephen L. DiNatale, Mayor of Fitchburg  
James J. Fiorentini, Mayor of Haverhill  
Joshua A. Garcia, Mayor of Holyoke  
Brian A. De Peña, Mayor of Lawrence  
Eileen Donoghue, former City Manager of Lowell  
Jared Nicholson, Mayor of Lynn  
Gary Christenson, Mayor of Malden

Neil Perry, Mayor of Methuen  
Jon Mitchell, Mayor of New Bedford  
Edward A. Bettencourt, Jr., Mayor of Peabody  
Linda M. Tyer, Mayor of Pittsfield  
Thomas P. Koch, Mayor of Quincy  
Kimberley Driscoll, Mayor of Salem  
Domenic J. Sarno, Mayor of Springfield  
Shauna O'Connell, Mayor of Taunton  
Mike McCabe, Mayor, Westfield  
Eric D. Batista, Acting City Manager of Worcester  
Joseph M. Petty, Mayor of Worcester

cc: Sen. Michael Rodrigues, Chair, Senate Committee on Ways and Means  
Sen. Eric Lesser, Chair, Joint Committee on Economic Development and Small Business  
Sen. John Keenan, Chair, Joint Committee on Housing  
Sen. John Cronin, Chair, Joint Committee on Municipalities and Regional Government