



July 12, 2022

The Honorable Ron Mariano, House Speaker
 State House
 Boston, MA 02133
via email
 Re: Housing Development Incentive Program

Dear Speaker Mariano:

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 in House Bill 4864 and included by the House Ways and Means Committee in House Bill 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.

Under your leadership, the House has recognized this need in the past. The House version of the 2021 Partnerships for Growth Act increased the annual HDIP cap from \$10 million to \$30 million but the language was removed during conference committee at the end of last session. Fixing and expanding HDIP is our top housing priority and we are determined to see it over the finish line.

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 housing units 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 or 617-251-3861 with any questions.

Sincerely,

Paul Heroux, Mayor of Attleboro
Robert F. Sullivan, Mayor of Brockton
Thomas Ambrosino, City Manager of Chelsea
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
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: Rep. Aaron Michlewitz, Chair, House Committee on Ways and Means
Rep. James Arciero, Chair, Joint Committee on Housing