



July 11, 2023

The Honorable Aaron Michlewitz, Chair, House Committee on Ways and Means
The Honorable Michael Rodrigues, Chair, Senate Committee on Ways and Means
The Honorable Mark Cusack, House Chair, Joint Committee on Revenue
The Honorable Susan Moran, Senate Chair, Joint Committee on Revenue
The Honorable Michael Soter, Massachusetts House of Representatives
The Honorable Bruce Tarr, Republican Leader, Massachusetts Senate
State House
Boston, MA 02133

**RE: An Act to Improve the Commonwealth's Competitiveness, Affordability, and Equity
In Support of Retaining Housing Development Incentive Program Funding Increase**

Dear Chairman Michlewitz, Chairman Rodrigues, and Members of the Conference Committee:

As a coalition of Gateway City business organizations, developers, and community revitalization groups, we thank you for your commitment to small cities all across the Commonwealth. We recognize and applaud your support for raising the cap on the Housing Development Incentive Program (HDIP) in the last two Senate economic development bills that went to conference committee. Unfortunately, we face a looming deadline that requires prompt action: on January 1, 2024, existing language will go into effect that would slash the existing \$10M cap to only \$5M.

To avoid this outcome, which would jeopardize many of the over 1700 shovel-ready homes already in the HDIP pipeline, we request that you advance the senate language providing for a one-time increase of \$57million to clear out the backlog, and thereafter increasing the annual cap to \$30million to the final legislation.

HDIP Support - *An Act to Improve the Commonwealth's Competitiveness, Affordability, and Equity*
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We appreciate your desire to promote sustainable tax reforms, and we believe that HDIP would be an appropriate piece of the puzzle. Since 2014, HDIP tax credits have leveraged private investment at a rate of at least 13 to 1. According to an analysis by MassINC, since its inception the program has allocated \$103 million total credits resulting in a total construction cost of \$1.3 billion.

When accounting for the permanent jobs, homes, customers for local businesses, sales and property taxes—not to mention the improvements to local schools, services, public safety, infrastructure, and quality of life—the multiplication effect of HDIP on small downtowns can be remarkable.

A 2013 report by George Mason University's Center for Regional Analysis estimated that "resident spending on goods and services produces an economic contribution nearly 21 times greater than construction" and that roughly 70% of dollars spent by apartment residents remains in the local economy.

HDIP remains a unique and essential tool in the state's housing finance toolbox, which helps to overcome the extraordinary hurdles older cities face in encouraging private housing investment.

For example, because construction and finance costs have outstripped even rising rents, there are still many communities in Massachusetts where building market-rate housing is not feasible. The cost to build or renovate housing projects in small cities regularly exceeds the assessed value of the completed product, which closes the door on traditional lenders. HDIP provides a modest subsidy that enables such projects to move forward – thereby providing enormous economic benefits to the community.

HDIP was designed to diversify housing stock in Gateway Cities, who have historically struggled attracting market-rate investment, and has been successful in achieving its goals. The program's flexibility makes it one of the most powerful tools to overcome a range of community-specific hurdles and leverage private investment in downtowns and transit areas.

We appreciate your leadership in addressing this important issue. Please feel free to contact Anastasia Nicolaou (nicolaou@naiopma.org) with any questions.

Sincerely,

Tamara Small, CEO, NAIOP Massachusetts, The Commercial Real Estate Development Association
Jonathan Lee Cozzens, Managing Partner, Lee Properties
Peter Forman, South Shore Chamber of Commerce
Craig Blais, President, Worcester Business Development Corporation
Derek Santos, New Bedford Economic Development Council
Mike O'Sullivan and Rick Kidder, Co-CEOs, One SouthCoast Chamber of Commerce
Jordan Hart, Executive Director, Greater Holyoke Chamber of Commerce
Nicholas Crist, President & CEO, Bay Coast Bank
Christopher Cooney, MPA, CEO, Metro South Chamber of Commerce
Alexandria Eberhardt, President, Greater Haverhill Chamber of Commerce
Frank Marchione, President, Bristol County Economic Development Council
Ken Fiola, Bristol County Economic Development Council
Joe Bevilacqua, President & CEO, Merrimack Valley Chamber of Commerce
Karen Andreas, President & CEO, North Shore Chamber of Commerce
Ted Carman, President, Concord Square Planning & Development, Inc
Rich Mazzocchi, Managing Director, Boston Capital Development, LLC
Andrew Consigli, Managing Partner, Civico Development
Nicholas Pelletier, Team Lead, Pelletier Properties
Marco & Denis Luzuriaga, Managing Directors, Cubit Coworks

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Jim Lambert, Managing Director, Wood Partners
David G. Carver, Partner, CT Management Group, LLC
Louis E. Allegrone, Principal, Allegrone Companies
Tim Burke, CEO and Managing Director, Mill Town Capital
Ted Ammon, Owner, First Light Capital
Robert Pereyra, Manager, Sanford Spinning Mills
Alan Macomber, Principal, Creative Class
Anthony Cordeiro, Owner, Cordeiro Properties
Bob Karam, Principal, JNC Realty
Jim Wallace, Principal, Residences at Davol Street
Mike Camara, Principal, Davol Street LLC
Vitaly Fedosik, Principal, Davol Street Landing
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Stacey Norrell, Attorney, Sharaf and Maloney PC
Kristin Lenhart, Lenhart Group
Geoffrey Anatole, South Shore Property
Jonathan Cody, Atlantis Investments, LLC
Anthony Witman, Witman Properties
Jeff Bush, President, Heritage Properties
Justin MacFarlane, Principal, Nine Zero Two Development, LLC
Teri Bernert, Executive Director, Waterfront Historic Area League, Inc.
Lawrence Frej, Partner, Harbor Point Properties
Aaron J. Papowitz, Managing Principal, The SilverBrick Group
Obiora "Bo" Menkiti, Founder and CEO, The Menkiti Group
Sandi Wolchansky Silk, Senior Vice President/Development Partner, Jefferson Apartment Group
Eric Chinburg, President, Chinburg Properties
Jay Ash, President and CEO, Massachusetts Competitive Partnership
Justin Davidson, General Counsel and Director of Government Affairs, Massachusetts Association of REALTORS

CC: The Honorable Ronald Mariano, Speaker, Massachusetts House of Representatives
The Honorable Karen Spilka, Senate President, Massachusetts Senate