



February 24, 2022

The Honorable Ron Mariano, Speaker of the House
State House
Boston, MA 02133
via email and hard copy—Re: Housing Development Incentive Program (HDIP)

Dear Speaker Mariano:

We respectfully write to request a meeting with you to discuss the urgent need to increase the annual cap on the Housing Development Incentive Program (HDIP), the state’s most effective program for creating infill housing in Gateway City downtowns.

Under your leadership, the House has recognized this need in the past. Provisions in the House version of the 2021 Partnerships for Growth Act increased the annual HDIP cap from \$10 million to \$30 million, which paralleled Governor Baker’s version of the bill. Although the Senate also proposed raising the cap (to \$20 million), the increase was removed entirely during conference committee, resulting in no change.

As a result of recent public records requests to DHCD, we have learned that the true need for HDIP funds across all of our communities is far greater than we understood previously. There are at least \$57 million in pending requests. With just \$10 million available each year, critical housing projects will be delayed for up to five years, and all new projects will have to wait until at least 2027.

Gateway Cities present the greatest opportunity for quickly increasing housing production in Massachusetts: 2,300 units are in the HDIP pipeline. At stake is more than \$700 million in total investment. If HDIP were expanded and developers could count on timely and reliable funding, DHCD would receive far more proposals and the tool could have even greater impact.

Even as many communities fight new housing and take years to permit projects, our communities welcome it and embrace racially and economically diverse residents. But we need the state's partnership.

We continue to face development challenges unique to older cities with weaker markets, which often require subsidies to help projects pencil out. HDIP is a mixed-income housing program designed to solve this problem. HDIP produces a unit with \$25,000 subsidy, on average, whereas low-income housing tax credits cost over \$100,000 per unit. We need both kinds of programs in the toolbox to maximize and diversify our housing supply.

Gateway Cities are working to attract market rate development while also helping residents with the high cost of housing and this program helps them achieve balanced growth that addresses both needs. HDIP helps reduce racial and economic segregation in Massachusetts and spreads growth more fairly throughout the state. The subsidy is modest—many awards are less than \$1 million per project and leverage private investment at a rate of 12 to 1 on average.

Thank you for your attention. Please feel free to contact André Leroux at aleroux@massinc.org or 617-251-3861 for further information about HDIP or to help coordinate a meeting.

Sincerely,

Paul Heroux, Mayor of Attleboro

Jared Nicholson, Mayor of Lynn

Robert F. Sullivan, Mayor of Brockton

Gary Christenson, Mayor of Malden

Thomas Ambrosino, City Manager of Chelsea

Neil Perry, Mayor of Methuen

Carlo DeMaria, Mayor of Everett

Jon Mitchell, Mayor of New Bedford

Paul Coogan, Mayor of Fall River

Edward A. Bettencourt, Jr., Mayor of Peabody

Stephen L. DiNatale, Mayor of Fitchburg

Linda M. Tyer, Mayor of Pittsfield

James J. Fiorentini, Mayor of Haverhill

Kimberley Driscoll, Mayor of Salem

Joshua A. Garcia, Mayor of Holyoke

Shauna O'Connell, Mayor of Taunton

Brian A. De Peña, Mayor of Lawrence

Ed Augustus, City Manager of Worcester

Eileen Donoghue, City Manager of Lowell

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