

# Proposed Housing Development Incentive Program (HDIP) Zone and Plan for Downtown Salem

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**Salem City Council Public Hearing:  
Subcommittee on Community & Economic Development  
Co-Posted with Committee of the Whole  
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# Overview

1. **What** is HDIP?
  2. **How** does HDIP incent market rate housing?
  3. HDIP approval process
  4. Proposed HD Zone
  5. **Why** should the City adopt an HDIP Plan and Zone?
  6. Questions / Comments
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# What is HDIP?

- Established in 2012 by the Commonwealth of Massachusetts
- **Intent:** increase residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization in designated areas in Gateway Cities
- **Focus:** creation of multi-unit market rate housing

# How Does HDIP Incent Market Rate Housing?

The program provides two types of incentives:

1. Local Tax Increment Exemption (TIE) Agreement
  - Comparable to a TIF
  - Base property tax is paid in full; portion of the resultant post-development increase is exempted
2. State Tax Credit for “Qualified Substantial Rehabilitation Expenditures (QSREs)”
  - Max award: 10% of QSREs; capped at \$2M

# HDIP Approval Process

Set HD Zone  
boundaries and  
approve Plan

City applies for  
and receives  
DHCD approval

Developers can  
apply to certify  
housing projects  
within HD Zone

Execute TIE Agreement

Preliminary Certification

Conditional Certification


Tax credits allocated

Final Certification

# Proposed Downtown Salem HD Zone

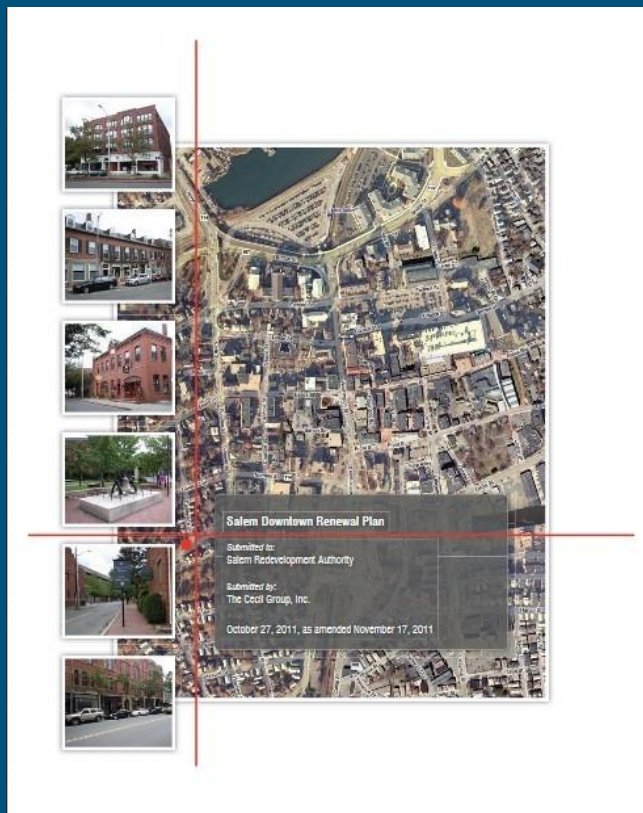


HD Zone Boundary Delineation:





# Why should the City adopt an HDIP Zone and Plan?



*To undertake activities and initiatives to accomplish public or private redevelopment of vacant or underutilized land and buildings, public open space and the infrastructure of streets, sidewalks and utilities consistent with the other purposes within this Salem Downtown Renewal Plan.*

-“Plan Objectives,” Page E-7, Salem Downtown Renewal Plan, 2011

# Why should the City adopt an HDIP Zone and Plan?

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## Salem Housing Needs and Demand Analysis

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- Population to increase by 1,500 to 3,700 people
- Number of households to increase by 10 to 14%
- Average household size to decrease to 2.2
- Salem will need to produce between 1,900 and 2,700 multi-family housing units in order to keep pace with future demand

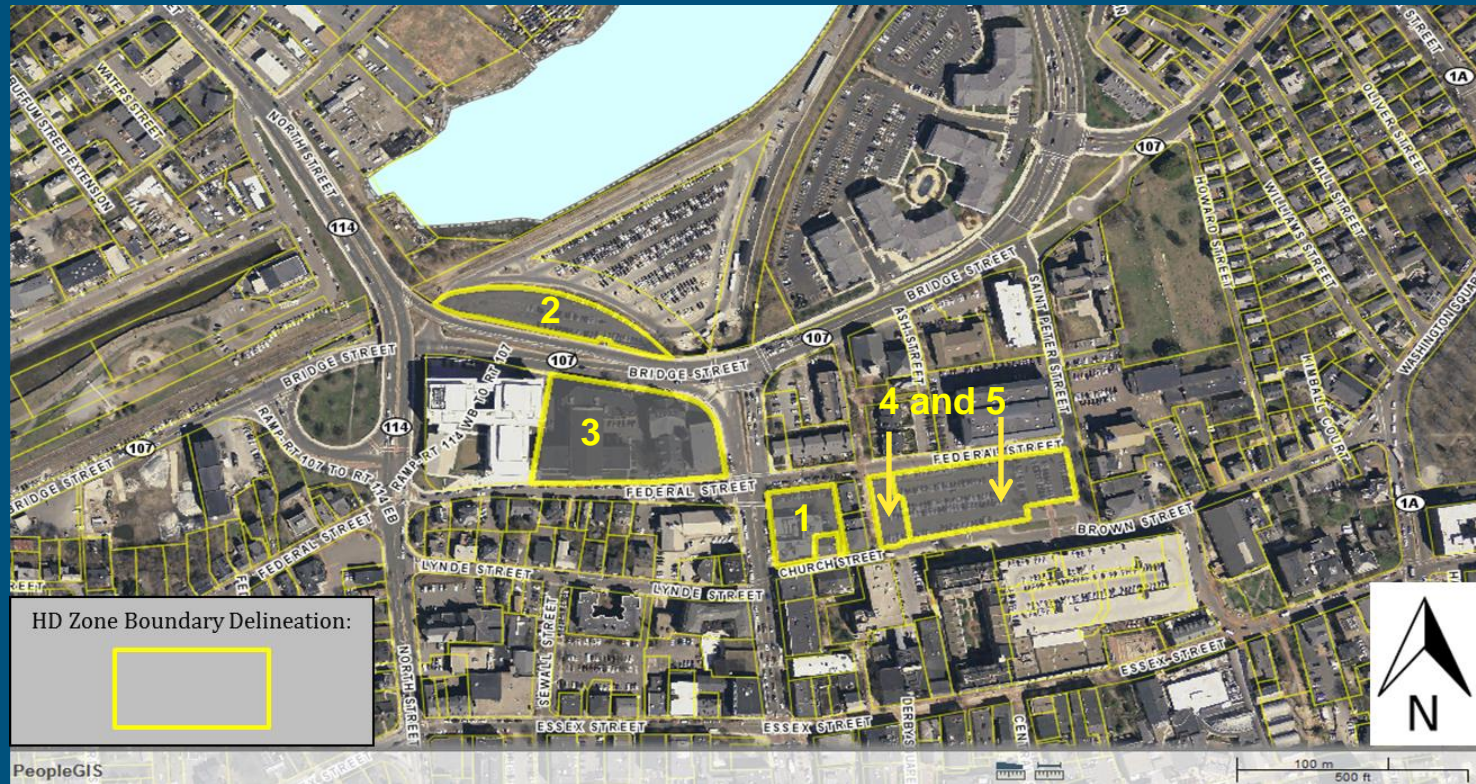


# Why should the City adopt an HDIP Zone and Plan?

## Current and Future Redevelopment Projects:

- District Court redevelopment by Diamond Sinacori
  - Over \$850K in hazardous materials removal costs identified
  - LDA executed and project began local permitting
- Superior Court and County Commissioners Buildings
  - Legislation signed by Governor to convey properties to SRA
  - Properties will require significant hazmat abatement and restoration
- City-owned parcel adjacent to MBTA Station
  - Planning Department working with Arrowstreet Architects on pre-development study of parcel

# Questions / Comments?



## Proposed HD Zone Parcels:

1. 65 Washington Street (District Court)
2. 252 Bridge Street
3. 32-50 Federal Street (Salem Superior Court)
4. 29 Federal Street
5. 15 Federal Street