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

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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
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
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.

Why should the City adopt an HDIP Zone and Plan?

• 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