



## **City of New Bedford, Massachusetts**

### **Office of Housing & Community Development**

**Patrick J. Sullivan, Director**

#### **HOUSING DEVELOPMENT INCENTIVE PROGRAM**

The City of New Bedford is seeking to expand residential development within its downtown business district by creating an incentive zone utilizing the newly developed program offered through the state of Massachusetts Department of Housing and Community Development.

The Housing Development Incentive Program (HDIP), established as M.G.L., Chapter 40V, provides Gateway Cities with a development tool to increase residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization in designated geographic target areas.

The program provides two tax incentives to developers to undertake substantial rehabilitation of properties for lease or sale as multi-unit market rate housing:

- 1) A local-option tax exemption on increased property values
- 2) A State tax credit of up to 10 percent of qualified rehabilitation costs.

#### **Project Specifics:**

Substantial rehabilitation of an existing property resulting in:

- Two or more units for sale or lease as market rate housing
- Minimum of 80% of total units as market rate
- One or more buildings on one or more contiguous parcels of land permitted and financed as single undertaking. May be mixed-use, including commercial
- No restrictions on size of HD Projects
- Must be substantial rehabilitation of an existing property

HD Tax Increment Exemption Agreement authorizes annual exemption from local property tax

- Exemption percentage of 10-100% of incremental value of market rate units
- % may vary among HD Projects
- % may change from year-to-year for individual HD Projects
- Duration of Agreement 5-20 years
- Effective as of the 1st fiscal year following DHCD's certification of HD Project and approval of Agreement
- DHCD will also approve Agreements for HD Projects not seeking/not awarded HD Tax Credits

State Investment Tax Credit up to 10% of qualified substantial rehabilitation costs of market rate units

- Credit of up to \$2M for individual HD Projects
- Credit allowed in taxable year in which project completed and certified by DHCD
- Credit is transferable and can be carried forward for up to 5 years
- Total annual program cap of \$10M

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The City's HD Zone constitutes the core of New Bedford's downtown. It is bounded on the east by Route 18; on the south by Walnut Street; on the west by County Street; and on the north by Kempton Street.

