



CITY OF NEW BEDFORD

JONATHAN F. MITCHELL, MAYOR

February 17, 2022

City Council President Ian A. Abreu and
Honorable Members of the City Council
City Hall, 133 William Street
New Bedford, Massachusetts 02740

Re: Housing Development Incentive Zone Expansion

Dear President Abreu and Members of the Council:

As you know, it has been difficult to promote the development of high-quality market-rate rental housing in the city given our market conditions, which has contributed to escalating housing prices. State and federal incentives tend to favor the development of income restricted housing over market rate, and during my time in office, developers have taken advantage of these incentives to create hundreds of income restricted units throughout the city, with many more in the pipeline. While there is a clear need for income restricted housing in overheated real estate markets like Boston, New Bedford needs a more nuanced approach to housing development, one which includes a healthy mix of all types of housing for people of varying income levels.

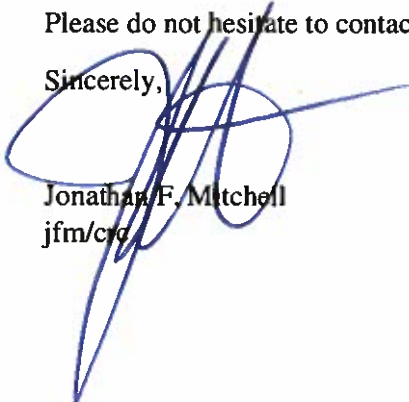
I propose that the Council adopt the attached Order, which would expand the City's existing Housing Development Incentive Program (HDIP) Zone from the downtown business district to include the entire city. The original New Bedford HDIP Zone was approved by the City Council on March 29, 2013 and approved by the Massachusetts Department of Housing and Community Development on March 17, 2014.

In addition to the Order, enclosed is the HDIP Amendment Proposal, drafted by OHCD Director Patrick Sullivan for submission to DHCD, which explains in detail the rationale for the HDIP Zone expansion. As you know, the incentive mechanisms for the program include a Tax Increment Exemption (TIE), which is similar to a TIF, and DHCD investment credits. As the City Council must approve all proposed TIE Agreements, it will have the authority to approve all HDIP Projects.

I look forward to working with the Council to apply these incentives in the best interest of developing a healthy and diverse rental housing market that attracts and retains individuals and families at many income levels who will help our city grow and thrive for years to come.

Please do not hesitate to contact my office with any questions. Thank you for your consideration.

Sincerely,


Jonathan F. Mitchell
jfm/cyo



CITY OF NEW BEDFORD

CITY COUNCIL

February 24, 2022

Ordered, That the City Council of the City of New Bedford hereby approves an amendment to the existing Downtown New Bedford Housing Development (HD) Zone and Housing Development Incentive Program Plan, originally approved by the New Bedford City Council on March 29, 2013, and approved by the Massachusetts Department of Housing and Community Development on March 17, 2014, said Downtown New Bedford Housing Development (HD) Zone to be renamed the "New Bedford HD Zone" and be expanded to include all parcels within the City of New Bedford and authorizes the Mayor of the City of New Bedford to submit said New Bedford HD Zone amendment to the Massachusetts Department of Housing and Community Development (DHCD) in accordance with 760 CMR 66.08.



City of New Bedford

CITY OF NEW BEDFORD, MASSACHUSETTS HOUSING DEVELOPMENT INCENTIVE PROGRAM HDIP ZONE AMENDMENT PROPOSAL

FEBRUARY 2021

Contact person for HD Zone Amendment Proposal:

Patrick J. Sullivan, Director Office of Housing and Community Development, City of New Bedford 608 Pleasant Street, New Bedford, Massachusetts 02740. Telephone: (508) 979-1500.

Email: Patrick.sullivan@newbedford-ma.gov

Chief Elected Official and Authorized Officer Designated to Execute HD Tax Increment Exemption Agreements:

Jonathon F. Mitchell, Mayor City of New Bedford, City Hall 133 William Street, New Bedford, Massachusetts 02740. Telephone: 508.979.1410. Email: jon.mitchell@newbedford-ma.gov

The City OF New Bedford, Massachusetts would like to expand and rename the existing Downtown New Bedford HD Zone. Below is a memo summarizing the change in accordance with 760 CMR 66.08.

1. Detailed description of each proposed change

In accordance with 760 CMR 66.08, the City of New Bedford would like to expand and rename its existing Downtown New Bedford HD Zone approved by DHCD on March 17, 2014. The expansion would include all parcels within the City of New Bedford and the would be renamed, "New Bedford HD Zone."

2. The purpose of the change – i.e., the reason why each change is needed

The current HDIP Zone, encompasses the downtown business district. The area was identified in the approved HDIP zone and continues to be an area of focus to incentivize the creation of market rate housing in New Bedford's downtown business core. However, the need for market rate development extends throughout the entire city, beyond the current HD Zone. New requests are being made as developers explore opportunities to produce more market rate housing. The expansion of the existing HD Zone will increase market rate residential development throughout the city by providing an additional financing tool to overcome development challenges, as well as increase the feasibility of market rate housing projects. Expanding the zone to include all parcels in the city does not necessarily guarantee that all housing projects will participate in the HDIP but provides a tool for development should developers want to collaborate with the City and DHCD.

The primary objective of the HDIP Plan amendment is to expand the HDIP zone to create incentives to foster residential development throughout the city. Developers have identified a number of strategic buildings suitable for redevelopment throughout the city, including many non-residential buildings that can be adaptively re-used for residential uses.

There are inherent challenges in New Bedford to develop market rate housing. Lack of developable land to support new residential construction limits the city's opportunities for new construction. The adaptive re-use of existing buildings present significant construction costs. In New Bedford, property values have not kept pace with construction costs. Developers have been challenged to develop new residential construction due to high construction costs as compared to overall assessed values. In addition, New Bedford's rental market shows that rental cash flows are insufficient to cover the debt service to create market rate housing utilizing private non-subsidized financing. This results in very few market rate rental development in the city of the past ten years.

The expansion of the HD Zone would afford developers an additional incentive to overcome high redevelopment costs and low rent structures.

3. The effect of each change on individual HD Projects

This proposal will not have an effect on the one proposed HDIP Project currently in New Bedford's HD Zone. The city has given approval to one HDIP Project that has been submitted to DHCD for approval in October, 2021. That project is progressing in large part because of the City's initial adoption of the HD Plan and Zone. The expansion of the HDIP Zone will only expand additional market rate projects throughout the city. Other projects are in the conceptual or pre-development phase and are contemplating utilizing the HDIP.

4. Pertinent revisions of the original Application for approval of the HD Zone designation or HD Zone Plan, or to the HD Tax Increment Exemption Agreement, to reflect the changes

The City is not proposing any amendments to the HD Zone Plan that would affect the existing HD Tax Increment Exemption Agreement. The timelines for the implementation of the HD Zone Plan and the duration of the HD Zone Plan as laid out in the City's current approved plan will remain unchanged.

5. A statement of whether the Municipality considers the amendment to be material or nonmaterial

The City of New Bedford considers the proposed amendment to be material.

6. Evidence of a public hearing, as appropriate, including a copy of hearing notices and minutes

The public meeting was advertised on XXXX, 2022 and the New Bedford City Council, on XXXX, 2022 voted, in the affirmative, to adopt a resolution approving an Amendment to the City's existing Housing Development Incentive Plan (HDIP) Zone and Map.

Attached is a certified copy of the City Council Resolution Approving the Amendment to the City's Housing Development Incentive Plan Zone and Map adopted by City Council and notice of the public hearing advertisement.

7. Certification by the City or City Clerk of local approval pursuant to 760 CMR 66.08 (3)

A copy of the City Clerk certification is attached.

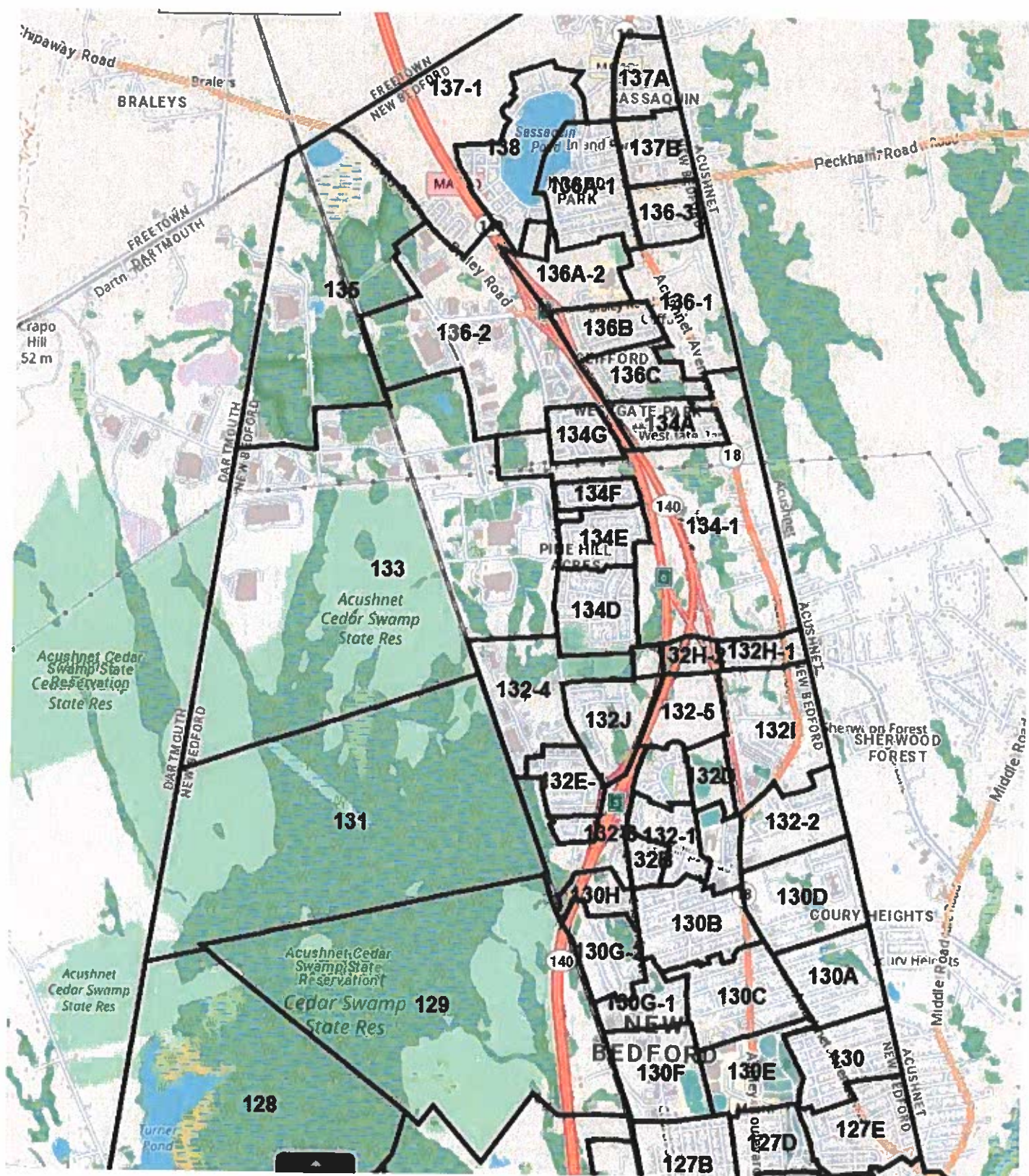
Exhibits List:

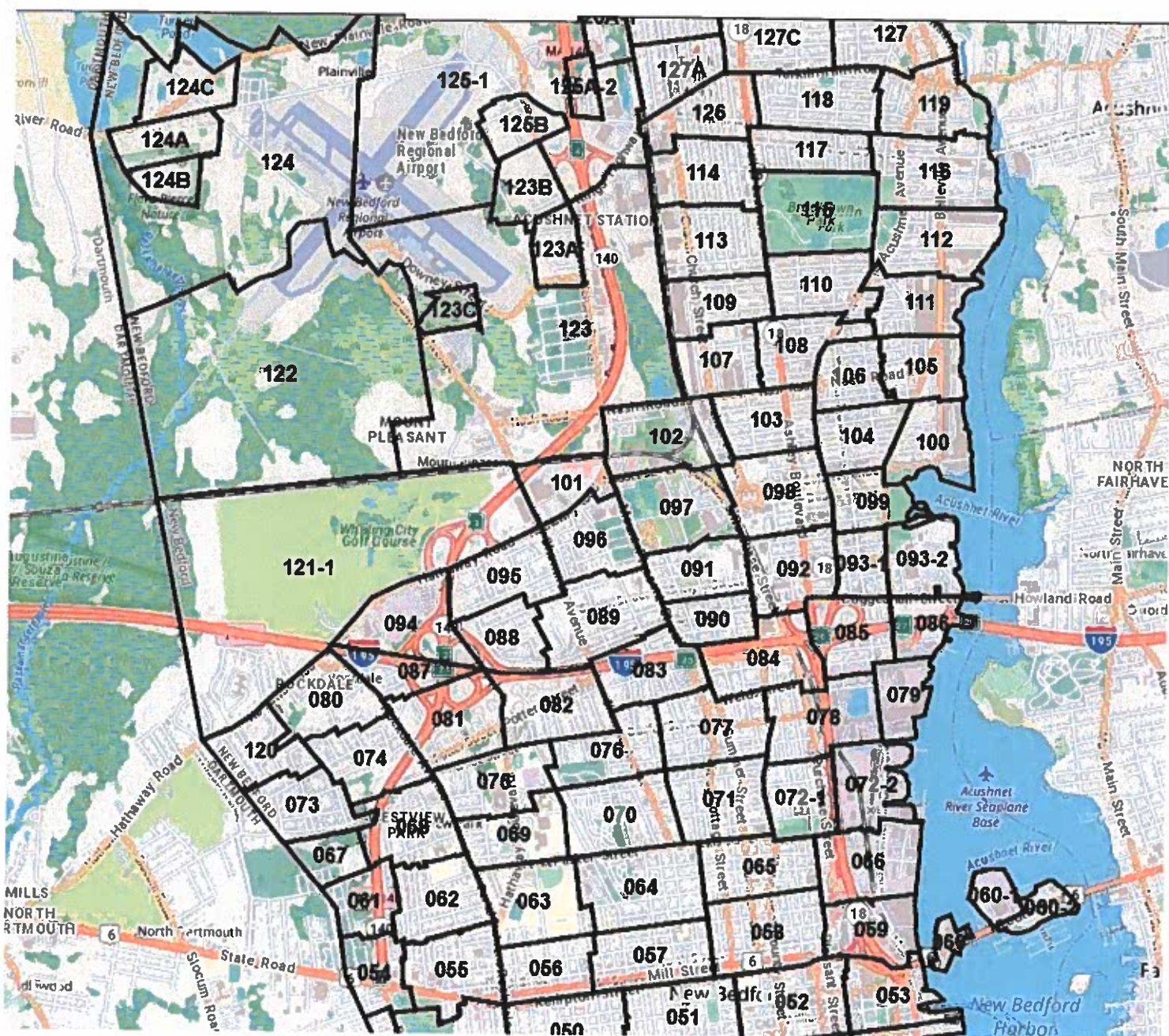
Exhibit # 1: HDIP Zone Maps

Exhibit # 2: Public Hearing Ad

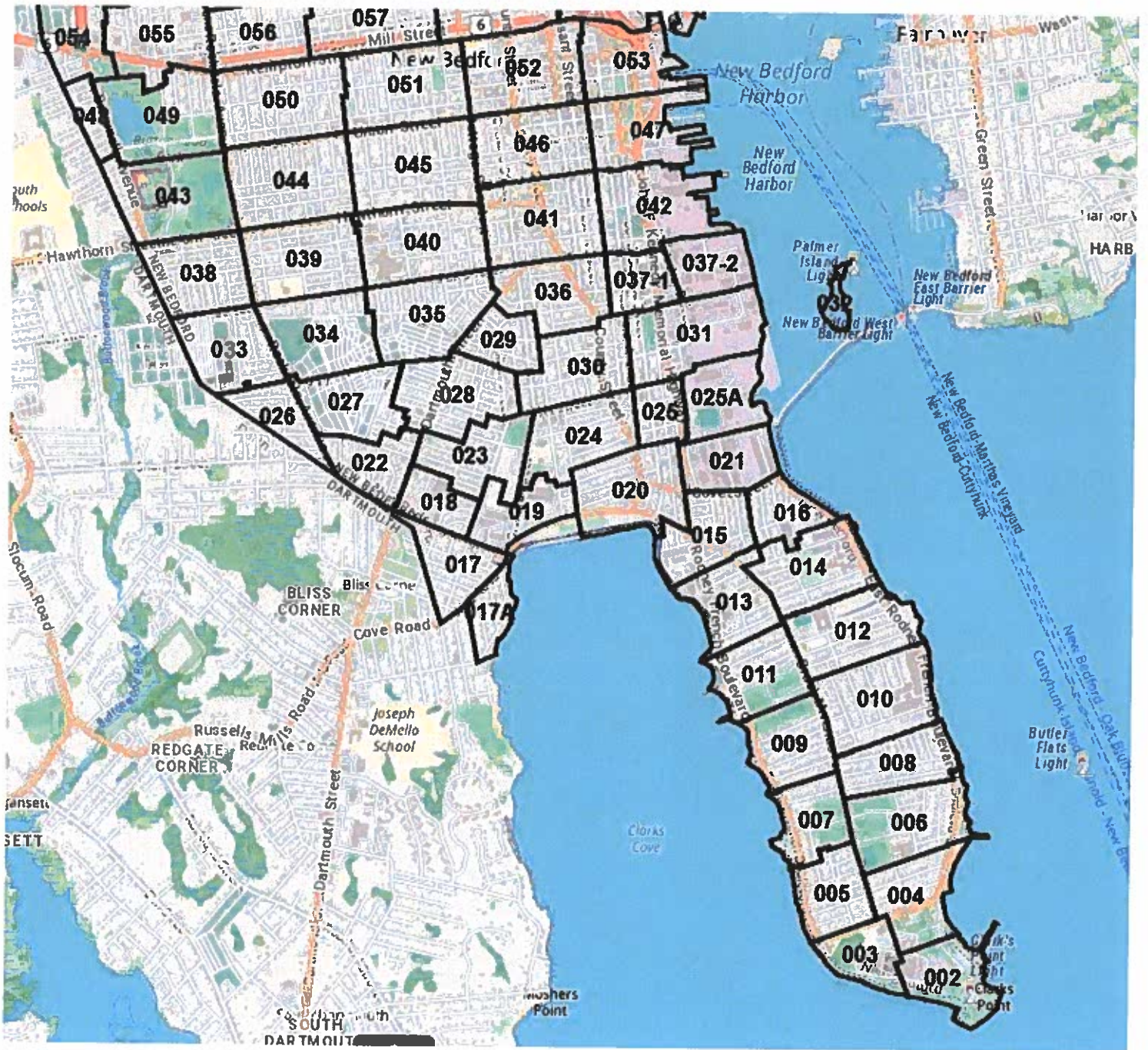
Exhibit # 3: City Clerk Certification

HDIP ZONE MAP





HDIP ZONE MAP



HDIP ZONE MAP

