

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Authorizing the City Manager to Execute an Urban Center Housing Tax Increment Financing (UCH-TIF) Agreement between the City of Lowell and Hamilton Canal Limited Partnership.

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Hamilton Canal Limited Partnership (a/k/a WinnDevelopment) wishes to enter into an UCH-TIF Agreement with the City of Lowell in reference to Parcels 8 and 9 in the Hamilton Canal Innovation District; and

The proposed UCH-TIF Agreement would provide a 20 year term of exemption on the increased value (“the increment”) of improved real estate at Parcels 8 and 9; and

The Developer agrees to construct a new building on the parcels in accordance with plans previously approved by the City’s Historic Board, Zoning Board of Appeals, and Hamilton Canal District Review Group; and

The proposed Project call for 125 housing units and 5,000 square feet of ground floor commercial space of which out of the 125 units 26% (32 units) will be market rate, 43% (54 units) will be middle income available to residents earning 80%-100% of Area Median Income (AMI), and the remaining 31% affordable to multiple tiers (12 units) at 30% AMI, 14 units at 50% AMI and 13 units at 60% AMI.

The project, is projected to provide a total investment of close to \$50M and is projected to net the City over \$4.2M in taxes over 20 year term of the Agreement; and

This proposed UCH-TIF Plan provides an additional financing tool to encourage the redevelopment and revitalization of the economic, cultural, and education center of the City; and

The objectives of the UCH-TIF Plan are consistent with those of the City's HD Zone Plan in terms of a focus by the City on increasing housing opportunities for its residents at all income levels and stages of life.

BE IT VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

Authorizing the City Manager to Execute an Urban Center Housing Tax Increment Financing (UCH-TIF) Agreement between the City of Lowell and Hamilton Canal Limited Partnership and forwards said application for certification to the Massachusetts Economic Assistance Coordinating Council for its approval and endorsement.

V:approveUCH-TIFagreements-AuthMgr

**URBAN CENTER HOUSING TAX INCREMENT FINANCING (UCH-TIF) PROGRAM**

**TAX INCREMENT FINANCING (TIF) AGREEMENT**

between

**City of Lowell**

and

**Hamilton Canal Limited Partnership**

This AGREEMENT is made this \_\_\_\_ day of \_\_\_\_, 2019 by and between the City of Lowell, (“Municipality”), a municipal corporation with offices at 50 Arcand Drive, Lowell, MA 01852, and Hamilton Canal Limited Partnership, a Massachusetts Limited Partnership (“Sponsor”) with an address at 6 Faneuil Hall Marketplace, Boston, MA 02109.

**Section 1 – Agreement**

The Municipality and the Sponsor, for good and valuable consideration and in consideration of the covenants and agreements herein contained, hereby make this agreement regarding a tax increment exemption pursuant to the Urban Center Housing Tax Increment Financing (UCH-TIF) Program, M.G.L. Chapter 40, Section 60, and the regulations promulgated thereunder at 760 CMR 58.00, with respect to the Property as herein defined.

**Section 2 – Definitions**

Each reference in this Agreement to the following terms shall be deemed to have the following meanings:

- Act: M.G.L. c. 40, Section 60 as may be amended from time to time.
- Affordable Housing Units: As defined in 760 CMR 58.03.
- AHR: Affordable Housing Restriction as defined in MGL Chapter 40, Section 60 and 760 CMR 58.08.
- Completion: Achievement of Stabilized Occupancy.
- DHCD: Department of Housing and Community Development
- Event of Default: An “Event of Default” as defined in Section 7 below.
- Fiscal Year: An annual period of July 1 through June 30.
- Project: Described in Exhibit 2 of this Agreement.
- Property: Parcels 8 & 9 in the City of Lowell’s Hamilton Canal District as shown in Exhibit 1, “Map of Property” and further described in Exhibit 2, “Legal Description of Property”.

Regulations: 760 CMR 58.00.

Sponsor: Hamilton Canal Limited Partnership, a Massachusetts Limited Partnership, with an address at 6 Faneuil Hall Marketplace, Boston, MA 02109, its successors and assigns.

Stabilized Occupancy: 95% occupancy of all residential units as evidenced by rent rolls that will be submitted to the City of Lowell.

UCH-TIF Zone: The City of Lowell UCH-TIF Zone adopted by Lowell City Council on \_\_\_\_\_, 2019 and approved by DHCD as evidenced by a Certificate of Approval dated \_\_\_\_\_, 2019.

### **Section 3 – Sponsor’s Covenants**

The exemption granted by the municipality is in consideration of the Sponsor’s covenants and agreements herein, by which the Sponsor affirms that it shall:

- A. commence construction activities within six (6) months after the issuance of a building permit for the Project and pursue completion thereof in a manner consistent with similar residential developers operating in the Lowell area;
- B. undertake and construct the Project as described in Exhibit 2 of this Agreement, including creating and operating 125 residential rental units, 93 of which will be Affordable Housing Units;
- C. keep the Project in good order and repair and maintain the Project in a decent, safe, and sanitary condition, all in accordance with applicable laws and ordinances and all rules, regulations and requirements of governmental authorities having jurisdiction;
- D. market the Affordable Housing Units in a manner that is consistent with the strategies, implementation plan and affirmative fair housing efforts set out in the affirmative fair housing marketing plan that shall be approved by MassHousing and by the Commonwealth Department of Housing and Community Development (DHCD). E. ensure that the Affordable Housing Units are occupied by income-eligible households in accordance with the terms of this Agreement and any Affordable Housing Restriction executed in connection with the Project;
- E. comply with all applicable fair housing laws in the selection of tenants for the Project;
- F. cooperate in the Municipality’s administration, monitoring and enforcement of this Agreement, including such access rights to the Project (subject to any applicable leases) as are reasonably necessary to accomplish the same.
- G. Submit rent rolls to the City Assessor on the first of each month following the issuance of a certificate of occupancy for the project, so that the City Assessor can establish when 95% occupancy of all housing units has been achieved, which shall signal the Start Date (as defined herein) of the exemption schedule.

**Section 4 – Description of Municipal Improvements and Special Assessments**

Municipality is undertaking the construction of a municipal parking structure within the Hamilton Canal Innovation District that will accommodate, at a minimum, the required number of parking spaces that the Sponsor’s Project requires per the Hamilton Canal District Form-Based Code, City of Lowell Zoning Section 10.3.

Municipality will not issue any special assessments in relation to this project.

**Section 5 – Tax Increment Financing**

Municipality agrees to grant Sponsor an exemption to the real property taxes due on the Property pursuant to M.G.L. c.60 according to the following terms.

- A. Base Value. \$304,400.
  
- B. Exemption Term: The Exemption shall be for a period of twenty (20) years (the “Exemption Term”), commencing in the fiscal year following the date that the Project achieves Stabilized Occupancy (hereinafter referred to as the “Start Date”), and shall provide an exemption from taxation of the new incremental value of the Property resulting from the project as follows:
  
- C. Exemption Percentage. Commencing on the Start Date, which shall be Fiscal Year 1:

<b>FY</b>	<b>Tax Exemption Rate (%)</b>
<i>FY1</i>	85%
<i>FY2</i>	75%
<i>FY3</i>	60%
<i>FY4</i>	60%
<i>FY5</i>	50%
<i>FY6</i>	40%
<i>FY7</i>	30%
<i>FY8</i>	20%
<i>FY9</i>	20%
<i>FY10</i>	20%
<i>FY11</i>	15%
<i>FY12</i>	15%
<i>FY13</i>	10%
<i>FY14</i>	10%
<i>FY15</i>	10%
<i>FY16</i>	10%
<i>FY17</i>	10%
<i>FY18</i>	10%
<i>FY19</i>	10%
<i>FY20</i>	10%

- D. The Increment. As defined at 760 CMR 58.03.

E. Calculation. For each Fiscal Year during the term of this Agreement, the UCH-TIF shall be determined by applying the Exemption Percentage, as defined in 760 CMR 58.10(1), to the property tax on the Increment.

### **Section 6 – Affordable Housing**

- A. The Development will create no more than 93 Affordable Housing Units and 32 market rate units, which shall be maintained for the duration of the term of the UCH-TIF Agreement. The Act, in Section 60(b), requires as a condition of the granting of an UCH-TIF Exemption, that one of the affordability thresholds, as set forth in such Section 6(b), be satisfied at the property for which an exemption is sought. Section 60(b)(ii) of the Act provides that one such threshold is the satisfaction of “At least 25 per cent of the housing units assisted by the UCH-TIF agreement shall be affordable to occupants or families with incomes at or below 110 per cent of the AMI.” The Project satisfies this threshold.
- B. As provided in M.G.L. c. 40 Section 60(f), Sponsor shall certify to the Municipality the incomes of the families or occupants, upon initial occupancy, of the Affordable Housing Units and such certification shall be provided to DHCD on an annual basis.
- C. If Sponsor fails to provide certification or otherwise fails to comply with this UCH–TIF Agreement, including failing to maintain the affordability of the Affordable Housing Units, the Municipality may place a lien on the property in the amount of the real estate tax exemptions granted pursuant to this UCH–TIF Agreement for any year in which Sponsor is not in compliance with this.
- D. If the Municipality determines, with the approval of DHCD, and after consultation with the Sponsor, that Sponsor is unlikely to come into compliance with the affordability requirements of M.G.L. c.40 §60(f), the Municipality may place a lien on the property in the amount of the total real estate tax exemption granted pursuant to this UCH–TIF Agreement. Any such lien shall be recorded in the registry of deeds or the registry district of the land court wherein the land lies.

### **Section 7 – Default**

A. Event of Default. An “Event of Default” shall arise under this Agreement upon the occurrence of any one or more of the following events:

- 1) Breach of Covenants Prior to Stabilized Occupancy. Sponsor defaults in the observance or performance of any material covenant, condition or agreement to be observed or performed by Sponsor pursuant to the terms of this Agreement prior to Stabilized Occupancy, and the continuance of such default for thirty (30) days after written notice thereof from the Municipality; provided, however, that if the curing of such default cannot be accomplished with due diligence within said period of thirty (30) days, then Sponsor shall have such additional reasonable period of time, not to exceed thirty (30) days, to cure such default provided the Sponsor shall have commenced to cure such default within the initial thirty (30) day period, such cure shall have been diligently prosecuted by the Sponsor thereafter to completion.
- 2) Breach of Covenant Subsequent to Stabilized Occupancy. Sponsor defaults in the observance or performance of any material covenant, condition or agreement to be observed or performed by Sponsor pursuant to the terms of this Agreement after Stabilized Occupancy and the continuance of such default for thirty (30) days after written notice thereof from the Municipality; provided, however, that if the curing of such default cannot be accomplished with due diligence within said period of thirty (30) days, then Sponsor shall have such additional reasonable period of time, not to

exceed thirty (30) days, to cure such default provided the Sponsor shall have commenced to cure such default within the initial thirty (30) day period, such cure shall have been diligently prosecuted by the Sponsor thereafter to completion.

3) Misrepresentation. Any representation made herein or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement shall prove to be false in any material respect.

B. Rights on Default.

1) Prior to Stabilized Occupancy. Upon the occurrence of an Event of Default prior to Final Stabilized Occupancy, and after any applicable notice and cure period, then this Agreement shall become null and void.

2) Subsequent to Final Stabilized Occupancy. Upon the occurrence of an Event of Default subsequent to Stabilized Occupancy, and after any applicable notice and cure period, then this Agreement shall become null and void.

a. Recoupment of Economic Benefit. Upon termination of this Agreement, the Municipality may bring a cause of action against Sponsor for the value of any economic benefit received by Sponsor prior to or subsequent to such revocation as it relates solely to this Agreement.

3) Other Remedies. The Municipality's rights upon the termination of this Agreement are in addition to those granted to DHCD and the Massachusetts Commissioner of Revenue.

**Section 8 – Miscellaneous**

A. Effective Date. The effective date of the UCH-TIF shall be July 1st of the first Fiscal Year following DHCD's Final Approval of the UCH-TIF pursuant to the requirements of the Act and the Regulations. The Effective Date shall be confirmed as required in paragraph F, below.

B. Term of Agreement. This Agreement shall, if not sooner terminated, expire on the last day of the 20<sup>th</sup> fiscal year for which the Municipality is granting the UCH-TIF.

C. Reporting. Sponsor shall submit reports to the Municipality not later than thirty (30) days after June 1 of each Fiscal Year for the term of this Agreement. Each report shall contain the following information:

1) Until Completion, the status of construction in relation to the schedule contained in the New Construction Plans;

2) Additionally, Sponsor shall submit rent rolls to the City Assessor on the first of each month following the issuance of a certificate of occupancy for the project, so that the City Assessor can establish when 95% occupancy of all housing units has been achieved, which shall signal the Start Date of the exemption schedule as described in Section 5B of this document.

D. Assignment. The Sponsor shall not assign any interest in this Agreement, and shall not transfer any interest in the same, without the prior written consent of the Municipality, which approval shall not be unreasonably withheld. The foregoing notwithstanding, the rights and obligations of this Agreement shall inure to the benefit of any entity succeeding to the interests of the Sponsor by merger.

E. Revocation. The Municipality may at any time revoke its UCH-TIF Plan. Should the Municipality revoke its UCH- TIF Plan, it shall immediately cease the execution of any additional UCH-TIF Agreements pursuant to 760 CMR 58.07. Such revocation shall not affect existing UCH- TIF Agreements relative to tax increment exemptions, and limitation on special assessments, pursuant to 760 CMR 58.13, provided the UCH-TIF Plan was executed prior to the revocation.

F. Notices. Any notice, request, instruction or other document to be given hereunder to either party by the other shall be in writing and delivered personally or sent by recognized overnight courier, receipt confirmed or sent by certified or registered mail, postage prepaid, as follows, and shall be conclusively deemed to have been received and be effective on the day on which personally delivered or, if sent by certified or registered mail, three (3) days after the day on which mailed or, if sent by overnight courier, on the day after delivered to such courier.

1) Municipality:

City of Lowell, MA  
Department of Planning & Development  
JFK Civic Center  
50 Arcand Drive, 2<sup>nd</sup> Floor  
Lowell, MA 01852  
ATTN: Diane Tradd, Assistant City Manager / DPD Director

2) Sponsor:

Hamilton Canal Limited Partnership  
6 Faneuil Hall Marketplace  
Boston, MA 02109  
ATTN: Gilbert J. Winn

3) Copy to DHCD: All such notices shall be copied to DHCD at:

UCH-TIF Program Coordinator  
Department of Housing & Community Development  
100 Cambridge Street, Suite 300  
Boston, MA 02124

4) Change of Address. Either party may change the address to which notices are to be sent to it by giving written notice of such change of address to the other party in the manner herein provided for giving notice.

E. Modifications. No modification or waiver of any provision of this Agreement, nor consent to any departure by the Sponsor therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No failure or delay on the part of Municipality in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

**IN WITNESS WHEREOF**, the Sponsor has caused this Agreement to be duly executed in its name



and behalf and its seal affixed by its duly authorized representative, and the Municipality has caused this Agreement to be executed in its name and behalf and its seal duly affixed by its City Manager as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]

City of Lowell, MA

APPROVED AS TO FORM:

\_\_\_\_\_  
By: Christine P. O'Connor, City Solicitor

\_\_\_\_\_  
By: Eileen M. Donoghue, City Manager

\_\_\_\_\_  
By: Susan Lemay, Chief Assessor

\_\_\_\_\_  
By: Diane N. Tradd, Assistant City Manager / DPD Director

Hamilton Canal Limited Partnership

By: Hamilton Canal GP LLC

\_\_\_\_\_  
By: Lawrence H. Curtis  
President

**EXHIBIT 1**

# MAP OF PROPERTY

Property highlighted in green on below map.



**City of Lowell  
Massachusetts**

- Lowell Boundary
- Parcels

**DISCLAIMER**  
Any map printed from this system is considered unofficial unless it has been stamped/signed/certified by the Office of the City Assessor. The City of Lowell makes no warranty of Representation as to the accuracy, timeliness or Completeness of any of the data. The City of Lowell Shall have no liability for the data or lack thereof, or Any decision made or action taken or not taken in Reliance upon any of the data.

1" = 144 ft      September 6, 2019

## EXHIBIT 2

### DESCRIPTION OF PROPERTY

Parcels 8 & 9 are located at 193.1 and 239.1 Jackson Street in Lowell's Hamilton Canal District. The property consists of two unimproved adjacent parcels of land that are part of the Hamilton Canal Innovation District containing 0.66 acres and 0.50 acres respectively. They were previously improved with mill buildings that were part of the Appleton Mills complex but as of the date of this agreement these buildings have been demolished. The property is currently owned by the City of Lowell.

The property is located in Census Tract 3101.00 and the DownCity Lowell Housing Development (HD) Zone. It is also located within the City's Hamilton Canal Innovation District and its Jackson-Appleton-Middlesex Urban Revitalization and Development Area (the "JAM" Area) District, which seeks to connect the area to downCity Lowell and the Lowell Historic Park. It is located within close proximity to the downCity core of the City and is within walking distance to retail, restaurants and schools as well as major highways and Commuter Rail service. It is adjacent (across the Lower Pawtucket Canal) to an under construction, 900-space, parking garage which will provide off-street parking to the Project. The property is also down the street from the headquarters of the Lowell Community Health Center, the largest community healthcare facility in the Merrimack Valley, employing approximately 320 employees and serving thousands of patients each year.

### PROJECT DESCRIPTION

Hamilton Canal Limited Partnership (the "Developer / Sponsor") intends to utilize these UCH-TIF funds in order to develop this currently vacant site into 125 units of energy efficient, attractive, safe, mixed-income housing and 5,000 sf of commercial space. Of the 125 units, 26% (32 units) will be market rate, 43% (54 units) will be middle income available to residents earning 80%-100% of AMI and the remaining 31% affordable to multiple tiers (12 units at 30% AMI, 14 units at 50% AMI, and 13 units at 60% AMI). A robust market analysis - which includes Winn's significant local rental knowledge having completed the Loft 27, Counting House Lofts and Boott Mills projects - in addition to a market study completed by LDS Consulting within the past 12 months, has identified a need for the program proposed by this Project.

The Project complies with the zoning requirements of the HCD Form Code, and following their review of schematic plans, elevations and site/landscaping plans; the HCD Review Group issued the project a Certificate of Consistency. The Project will be constructed in accordance with the plans approved by the HCD Review Group and by the Zoning Board of Appeals, which filed a decision on May 2, 2019 to approve variances from the Hamilton Canal District's Form-Based Code, based on plans submitted by the Developer/Sponsor titled "HCD PARCELS 8&9," filed on March 14, 2019 and prepared by ICON Architecture. Further, the Project will be constructed to include the program of 125 residential units and 5,000 square feet of commercial space in accordance with the Third Amendment to the Land Disposition Agreement executed by the Municipality and the Developer/Sponsor effective July 3, 2019. Deviation and/or changes from these plans shall be subject to an additional review by the HCD Review Group and the issuance of a new Certificate of Consistency by that body. Additionally, the Lowell Historic Board has reviewed the project and has issued a no adverse effect letter. Site remediation of soil was previously completed and resulted with a condition of "No Significant Risk". The City believes the Hamilton Canal District will serve as a critical component in Lowell's continued revitalization, as evidenced by the \$90 million investment it has made in the District. The surrounding site infrastructure has already been

completed including new roadways, utilities to the site and a new bridge is underway that will create a roadway over the canal. City support for the project is very strong as evidenced by the extremely favorable/below fair market value land purchase price of \$250,000 (the parcels have been appraised at approximately \$2.65 million) and the City's commitment to provide all parking for the project in the new parking garage under construction.

The site is well located and within walking distance to several different modes of transportation including the commuter rail and a local bus route, services, shopping and amenities and is located one-half mile to the Lowell Connector with direct access to Route 495 and Route 3. The development of Parcels 8&9 will continue to expand housing opportunities for residents who will immediately benefit the local economy and will further local economic growth by increasing pedestrian traffic to shops, restaurants and businesses.

EXHIBIT 3

UCH-TIF Table (Forecast)

WINN PARCELS 8&9 UC-TIF SCENARIO 4: 20 YEARS

	<i>Current Assessed Value * :</i>	\$304,400					
	<i>Total Private investment:</i>	\$49,897,418					
	<i>Estimated Assessed Value Yr.1</i>	\$ 16,106,900					
	<i>Tax Rate(FY 2019)</i>	\$14.04/1,000					
	<i>Levy Percent Growth</i>	2.50%					
FY	Estimated Valuation- Parcels 8&9	Incremental Value from YR 1	Estimated Property Taxes for Parcels 8&9 (\$14.04/1,000)	Tax Exemption Rate (%)	Tax Exemption for Parcels 8&9	Net New Taxes for the City	
2019*	\$304,400	\$ -		0.00	\$ -	\$ -	
FY1	\$16,106,900	\$ 15,802,500	\$ 226,141	0.85	\$ 188,587	\$ 33,280	
FY2	\$16,509,573	\$ 16,205,173	\$ 231,794	0.75	\$ 170,640	\$ 56,880	
FY3	\$16,922,312	\$ 16,617,912	\$ 237,589	0.60	\$ 139,989	\$ 93,326	
FY4	\$17,345,370	\$ 17,040,970	\$ 243,529	0.60	\$ 143,553	\$ 95,702	
FY5	\$17,779,004	\$ 17,474,604	\$ 249,617	0.50	\$ 122,672	\$ 122,672	
FY6	\$18,223,479	\$ 17,919,079	\$ 255,858	0.40	\$ 100,634	\$ 150,950	
FY7	\$18,679,066	\$ 18,374,666	\$ 262,254	0.30	\$ 77,394	\$ 180,586	
FY8	\$19,146,043	\$ 18,841,643	\$ 268,810	0.20	\$ 52,907	\$ 211,629	
FY9	\$19,624,694	\$ 19,320,294	\$ 275,531	0.20	\$ 54,251	\$ 217,006	
FY10	\$20,115,311	\$ 19,810,911	\$ 282,419	0.20	\$ 55,629	\$ 222,516	
FY11	\$20,618,194	\$ 20,313,794	\$ 289,479	0.15	\$ 42,781	\$ 242,425	
FY12	\$21,133,649	\$ 20,829,249	\$ 296,716	0.15	\$ 43,866	\$ 248,576	
FY13	\$21,661,990	\$ 21,357,590	\$ 304,134	0.10	\$ 29,986	\$ 269,875	
FY14	\$22,203,540	\$ 21,899,140	\$ 311,738	0.10	\$ 30,746	\$ 276,718	
FY15	\$22,758,628	\$ 22,454,228	\$ 319,531	0.10	\$ 31,526	\$ 283,732	
FY16	\$23,327,594	\$ 23,023,194	\$ 327,519	0.10	\$ 32,325	\$ 290,921	
FY17	\$23,910,784	\$ 23,606,384	\$ 335,707	0.10	\$ 33,143	\$ 298,290	
FY18	\$24,508,553	\$ 24,204,153	\$ 344,100	0.10	\$ 33,983	\$ 305,844	
FY19	\$25,121,267	\$ 24,816,867	\$ 352,703	0.10	\$ 34,843	\$ 313,586	
FY20	\$25,749,299	\$ 25,444,899	\$ 361,520	0.10	\$ 35,725	\$ 321,522	
	<b>Total</b>				<b>\$ 1,455,181</b>	<b>\$ 4,236,035</b>	
	<i>*base year</i>						

Eileen M. Donoghue  
City Manager

Kara Keefe Mullin  
Assistant City Manager

October 28, 2019

Mayor William Samaras  
and  
Members of the City Council

REFERENCE: Downtown Lowell Urban Center Housing Tax Increment Financing (UCH-TIF) Plan and Zone/  
UCH-TIF Agreement between City of Lowell and Hamilton Canal Limited Partnership

Dear Mayor Samaras and Members of the City Council:

Enclosed you will find a draft Urban Center Housing Tax Increment Financing (UCH-TIF) Plan for Downtown Lowell, in addition to a map that depicts proposed UCH-TIF Zone boundaries, and associated appendices. Separate from these items, but related in nature, is a draft tax increment financing (TIF) agreement between the City of Lowell and Hamilton Canal Limited Partnership, that would, pending the City Council's approval, be enabled under the UCH-TIF program. Hamilton Canal Limited Partnership is associated with WinnDevelopment and the proposed TIF Agreement is in reference to Parcels 8 and 9 in the Hamilton Canal Innovation District. I ask for your support and approval of both the UCH-TIF Plan and Zone, as well as of the proposed TIF between the City and the Hamilton Canal Limited Partnership.

**Proposed UCH-TIF Plan and Zone:**

The Urban Center Housing Tax Increment Financing (UCH-TIF) program is a State-enabled program authorizing cities and towns in the Commonwealth of Massachusetts to promote housing and commercial development. The UCH-TIF program provides real estate exemptions on all or part of the increased value (the "Increment") of improved real estate. Tax increment financing may be combined with grants and loans from local, state and federal development programs. The Department of Housing and Community Development's (DHCD) Division of Community Services is responsible for the operation and administration of the UCH-TIF program.

The program aims to increase the amount of affordable housing for households with incomes at or below 80% of area median income by requiring that at least 25% of housing units in UCH-TIF projects meet that affordability threshold. The balance (75% of units) can be market rate.

In order to take advantage of the program a City or town must adopt a detailed urban center housing tax increment financing plan for certain designated areas which are predominantly commercial with high business or commercial use. DHCD shall approve each designated area and each plan, as well as each agreement with owners, in order to ensure compliance with program requirements set out in the statute, the regulations and associated guidelines.

In order to ensure full and speedy compliance with the program's regulations and application process, the City contracted with Harriman Associates to draft its UCH-TIF Plan and prepare a full and complete application to DHCD. The following are answers to some anticipated potential questions about the proposed UCH-TIF Plan and Zone:

**1.) Q: *Why are the boundaries drawn the way they are shown?***

A: The boundaries reflect what one can reasonably say includes the central business district in and around the City's Downtown area. They also reasonably mirror the boundaries of the already-approved Housing Development (HD) Zone, which is governed by the Housing Development Incentive Program (HDIP).

**2.) Q: *Will this program change the zoning of the parcels within the boundaries?***

A: No. UCH-TIF is a State-enabled program that amounts to another "tool" that can be used by proponents of housing if they so choose and if a proposed TIF is approved by the City Council for execution by the City Manager, and by DHCD. Underlying zoning remains the same.

3.) Q: *Why does the City want to offer this program?*

A: As the City Council is aware, the cost and availability of housing is a top priority that the Commonwealth of Massachusetts seeks to address. As was noted before, this program is another "tool" that can incentivize housing in the Downtown area, while giving the City Council authority to approve TIFs for proposed projects as it sees fit.

Pending the City Council's approval of the proposed UCH-TIF Zone and Plan, the City will then submit a final application to DHCD for its approval. Pending DHCD's approval, the City will then record the Plan and Zone with the Middlesex South Registry of Deeds.

The City of Lowell has always provided ample tools and incentives for developers of commercial and housing projects. UCH-TIF is yet another tool that the City can provide to developers of housing, which the Commonwealth has made abundantly clear is a priority to ensure that the State remains competitive in a 21<sup>st</sup> Century economy.


**Proposed TIF Agreement between City of Lowell and Hamilton Canal Limited Partnership:**

The enclosed draft TIF Agreement between the City of Lowell and Hamilton Canal Limited Partnership (aka WinnDevelopment) would provide a 20-year term of exemptions on the increased value (the "Increment") of improved real estate at Parcels 8 and 9 in the Hamilton Canal Innovation District. The developer agrees to construct a new building on the parcels, in accordance with plans previously approved by the City's Historic Board, Zoning Board of Appeals, and Hamilton Canal District Review Group. Plans call for 125 housing units and 5,000 square feet of ground floor commercial space. Of the 125 units, 26% (32 units) will be market rate, 43% (54 units) will be middle income available to residents earning 80%-100% of Area Median Income (AMI), and the remaining 31% affordable to multiple tiers (12 units at 30% AMI, 14 units at 50% AMI, and 13 units at 60% AMI).

The project is projected to provide a total investment of close to \$50M and is projected to net the City over \$4.2M in taxes over the 20 year term of the agreement. The developer is projected to have a little over \$1.4M in property taxes exempted from the increased value of the real estate over the term of the proposed agreement.

I respectfully request that the City Council authorize me to execute this agreement as it will allow Hamilton Canal Limited Partnership to move forward with a much needed new private development in the Hamilton Canal Innovation District. Additional housing at a variety of affordability is needed in the City and this project provides that unique mix. Located directly next to the 110 Canal Street property that houses UMass Lowell's M2D2 and Innovation Hub, the project could also cater well to young professionals that are working at small startups and need suitable housing. Moreover, WinnDevelopment is known nationally for producing high quality housing developments, and for the projects it has successfully built here in Lowell. We have every reason to believe that this will be yet another high quality project that will in the near future spark additional investment in this vital District. Thank you for your consideration.

Sincerely,



Eileen M. Donoghue  
City Manager

EMD/ns  
Enclosure

cc: Christine P. O'Connor, City Solicitor  
Diane N. Tradd, Assistant City Manager/DPD Director  
Susan LeMay, Chief Assessor  
Andrew Shapiro, Director of Economic Development