

Christine McCall
Assistant City Manager/DPD Director

December 22, 2021

Bill Reyelt, Principal Planner
Smart Growth Programs
Department of Housing & Community Development
Office of Sustainable Communities
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: City of Lowell- Application for HD Plan Amendment #2

Dear Mr. Reyelt,

Enclosed is the City of Lowell's application to amend its current HD Plan and include a new Tax Increment Exemption (TIE) agreement and schedule. The new proposed TIE has been approved by the Lowell City Council on December 21, 2021.

Please contact Maria Dickinson, Economic Development Specialist, if you should require any additional information.

Thank you for this valuable program and for your continuous assistance to the City of Lowell in promoting market-rate housing.

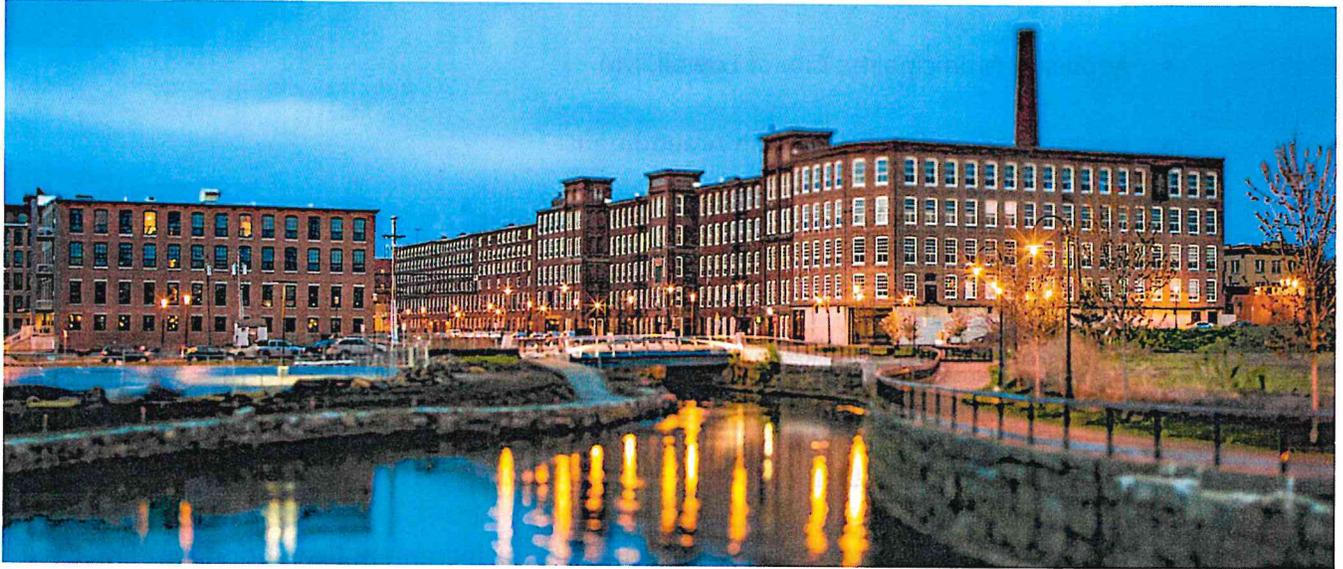
Sincerely,



Christine McCall
Assistant City Manager/ DPD Director

Cc: Yovani Baez-Rose, Director of Economic Development
Maria Dickinson, Economic Development Specialist

City of Lowell, MA
Housing Development (HD) Plan Amendment 2
Housing Development Incentive Program (HDIP)



Prepared By:

City of Lowell Department of Planning & Development

December, 2021

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COVER SHEET

- Applicant Municipality: City of Lowell, MA

- Contact Person for the HD Plan Amendment:

Maria Dickinson, Economic Development Specialist
Department of Planning & Development
City of Lowell
50 Arcand Drive; 2nd Floor
Lowell, MA 01852
978.674.1435
mdickinson@lowellma.gov

- Authorized Officers Designated to Execute HD Tax Increment Exemption Agreements within the amended HD Zone:

Eileen Donoghue, City Manager
City of Lowell
375 Merrimack St; 2nd Floor
Lowell, MA 01852
978.674.4400
EDonoghue@lowellma.gov

By the signature below, I certify that this application for an amendment of the Lowell HD Plan meets the requirements of 760 CMR 66.00 and was approved by the Lowell City Council on December 21, 2021.

Christine McCall, Assistant City Manager/ DPD Director



Application for DHCD Approval of an Amendment to the HD Plan

The City of Lowell, Department of Planning & Development (DPD) requests DHCD's review and approval of an amendment to its existing Housing Development (HD) Plan associated with the Commonwealth's Housing Development Incentive Program (HDIP).

Description and Purpose of Proposed Change:

The City of Lowell's original HD Plan and Zone was adopted by the Lowell City Council on July 24th, 2012. On September 12th, 2017, the Lowell City Council approved an amendment to the City's original HD Zone. The amendment expanded the existing HD Zone boundary on two fronts: westerly of the existing HD zone along Pawtucket, Salem, and Market streets; and southerly alongside the Concord River on Lawrence Street. This HD Zone amendment was approved by DHCD on January, 29th, 2018.

The City of Lowell is seeking a second amendment to its HD Plan to include changes to its existing Tax Increment Exemption (TIE) schedule and criteria for awarding a TIE to eligible HDIP projects. The proposed changes to the TIE schedule and criteria are in response to the recent changes to the HDIP program. This program became highly competitive making it very challenging for developers of small-scale residential projects to seek state tax credits for Qualified Project Expenditures (QPEs). The adoption of a second, more generous, local option real-estate tax exemption (TIE) schedule "Schedule B", would allow these developers to recoup a portion of the tax savings over the term of the TIE, making their projects financially feasible. By adding a second TIE schedule, the city would establish the following criteria for awarding TIEs:

- "Schedule A" would remain (Table 1) for projects that:
 - Receive preliminary, conditional, and final approvals by DHCD and,
 - Receive over 50% in state tax credits allowed per HDIP project (>\$1M)

Table 1. "Schedule A"- Current TIE Schedule (Pag. 35 of the original HD Plan)

Year	Exemption (%)
Yr.1	25%
Yr.2	20%
Yr.3	15%
Yr.4	10%
Yr.5	10%
Yr.6	10%
Yr.7	10%

- The proposed "Schedule B" (Table 2) would only apply for projects that:
 - Receive preliminary approval by DHCD and either:
 - Don't receive conditional approval or,
 - Receive conditional approval but receive less than 50% in state tax credits allowed per project (< \$1M)

Table 2. Proposed "Schedule B" TIE

Year	Exemption (%)
Yr.1	100%
Yr.2	75%
Yr.3	50%
Yr.4	50%
Yr.5	50%
Yr.6	25%
Yr.7	25%
Yr.8	25%
Yr.9	25%
Yr.10	25%

Effects of Amendment on the HD Plan Objectives:

The original objectives of the City of Lowell's HD Plan will not be affected by the City's proposed HD Plan Amendment. In fact, the adoption of a more generous "Schedule B" TIE will better support market-rate projects throughout Lowell's HD Zone and will strengthen the former objectives of the HD Plan:

- Continue its success in revitalizing the Downtown area by increasing housing opportunities for residents with disposable income that are able to support our local economy.
- Complete the final phases of rehabilitation of our largest and historically significant mill complexes in Downtown, including the Boott Mills, Lawrence Mills, Massachusetts Mills, Hamilton Mills, and Appleton Mills.
- Eliminate vacancy and blighted conditions on the interiors of some of our smaller downtown commercial buildings, by converting the upper floors of these buildings from vacant and obsolete class-C office space into attractive market-rate housing.
- Increase foot-traffic within the HD zone, which is a critical component for the viability of our downtown businesses.
- Retain local "talent pool" from U-Mass Lowell and Middlesex Community College (MCC) as well as recruit "talent pools" from the Boston area by providing attractive housing opportunities to recent graduates and new entrepreneurs at more affordable rates.
- Provide tax incentives to developers (both at state and local levels), so these market-rate housing projects become economically feasible.
- Continue to attract quality retail, restaurants, and other supporting services to the HD Zone thereby, reducing vacancy of ground-floor commercial space.
- Continue to support financial incentive programs that promote the concept that historic preservation and sustainable economic development and revitalization effectively complement one another.
- Link housing to work, transportation, and recreational opportunities.
- Strengthen our ability to attract high-quality developments to Lowell and allow the City to continue to be a model for urban revitalization.

Since the establishment of Lowell's HD Plan and Zone, five (5) market-rate residential projects were successfully completed and received full DHCD approval: 24 Merrimack Street; "The Adden Building" at 109 Jackson Street; the "Edge of the Merrimack" at 1 Merrimack Plaza; "Thorndike Exchange- Phase I", 165 Thorndike Street; and the "Waterhead" project at 850 Lawrence Street. "The Carter" at 160 Middlesex Street has received conditional approval by DHCD and two other additional projects: "Thorndike Exchange- Phase II", 165 Thorndike Street, and "Isobel Lofts" at 80 Middlesex Street have recently received "preliminary" approval. In total, these projects represent over \$150M in private investment, 450 new housing units, and over \$5M in projected net new taxes to the City.

Material Amendment – to be determined by DHCD

The City of Lowell considers the amended HD Zone to meet the definition of a material amendment in accordance to the Housing Development Incentive Program (HDIP) Implementation Guide, dated October 1, 2014. As stated in the Implementation Guide.

Evidence of a Public Hearing:

The City of Lowell held a required public hearing regarding the proposed HD Zone amendment. The meeting was held on Tuesday, December 14, 2021 at 5:30 PM at the City's Department of Planning & Development, 50 Arcand Drive, 2nd Floor. As required by regulation, the public hearing was advertised twice in the local newspaper, *The Lowell Sun*, in each of two successive weeks (November 30th and December 7th), with the second publication at least three (3) days prior to the public hearing. There were no attendees and no comments at the public hearing.

Certification by the City Clerk of Local Approval:

The HD Plan amendment was approved unanimously by the Lowell City Council at the December 21, 2021 meeting. Enclosed, is a copy of the certified City Council order signed by the City Clerk evidencing the approval of the amended HD Plan.

Included in this package:

- Cover Letter
 - Notice of Public Hearing
 - City Council (CC) Agenda w/ request for HD Amendment
 - Certified City Council (CC) Vote for HD Amendment
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