

Housing Development Incentive Program (HDIP)

Executive Office of Housing and Livable Communities (HLC) Funding Availability

March 2026

I. Background: The Housing Development Incentive Program (HDIP)

The Housing Development Incentive Program (HDIP) was created in 2010 by the Massachusetts Legislature to stimulate the production of market rate, or unrestricted, rental and homeownership housing in municipalities designated by statute as Massachusetts Gateway Cities. The program initially was administered by the Massachusetts Department of Housing and Community Development (DHCD) and, as of June 2023, is administered by the Executive Office of Housing and Livable Communities (HLC), the successor agency to DHCD. HDIP has been used successfully by 20 of the Gateway Cities, working in partnership with non-profit or for-profit developers. To date, 110 HDIP projects have been approved in these communities. The approved projects represent over 6,500 new residential units for Massachusetts individuals and families – a welcome addition to the housing stock during the state’s most challenging and lengthy housing crisis.

During the early years of the program, the annual \$10 million in HDIP credit authority available to DHCD (now HLC) exceeded developer demand. For several years, the full \$10 million allocation was not used. However, as more developers and Gateway Cities began working together on an increasing number of HDIP projects, the demand for annual credit quickly exceeded the annual allocation amount. As a consequence, in 2021, DHCD paused the intake of new HDIP applications and awaited legislative action to increase its annual HDIP authority. In October 2023, through the tax relief bill (*An Act to Improve the Commonwealth’s Competitiveness, Affordability, and Equity*, Chapter 50 of the Acts of 2023), the Massachusetts Legislature significantly increased annual HDIP authority from \$10 million to \$30 million and, in addition, approved a one-time allocation expansion of \$57 million. Joined by the Legislative leadership, Governor Maura Healey signed the tax relief bill into law on October 4, 2023. HLC is now issuing this Notice of Funding Availability (NOFA) for 2026 HDIP applications. Interested developers will have several opportunities to apply for HDIP awards during 2026. Details on the application process are included in later sections of this NOFA.

II. HLC Priorities for HDIP Projects

All HLC programs are intended to meet multiple housing goals. While HDIP was created to stimulate market-rate housing production in Gateway Cities, the program also can be used to support mixed-income housing. During the past few years, several Gateway Cities have enacted inclusionary zoning provisions, which require a certain percentage of affordable restricted units within all new projects. New HDIP applications supported by those municipalities will, by law, include some percentage of affordable units. At this time, HLC also encourages developers working in other Gateway Cities to consider including a percentage of affordable units within their

projects. While there is clearly a need for new market-rate housing in many Massachusetts communities, there is always a need for more affordable units as well.

In most Massachusetts communities, the need for more housing suitable for families remains the most significant need. As HLC works with HDIP developers and Gateway Cities, it strongly encourages them to incorporate units with two or more bedrooms into their projects – i.e., units suitable for families as well as units suitable for individuals. HLC is not precluding projects that include one-bedroom units; however, HLC is strongly encouraging a mix of bedrooms within each project. In evaluating HDIP preapplications and applications, HLC will prioritize projects with an acceptable unit mix.

When HDIP was created over a decade ago, the reality of climate change was neither widely accepted nor as widely understood as it is today. HLC is strongly encouraging all developers seeking state support to include important green and climate resilient characteristics within their projects. During the first year of the Healey-Driscoll Administration, the Governor initiated actions related to the ongoing effects of global climate change. The Governor established a climate office with a climate chief reporting directly to her and working closely with all line agencies within state government to achieve net zero decarbonization goals. HLC already had established climate resilient policies for its major housing programs, including the federal and state low-income housing tax credit programs, and now is in the process of expanding its climate goals to all housing programs, including HDIP. Under this NOFA, HLC will give preference to new construction and adaptive reuse HDIP projects that feature electric heating and cooling. HLC also will give preference to new construction projects designed to meet Passive House standards. In addition, HLC strongly encourages HDIP sponsors to include solar arrays or to ensure that their projects will be solar-ready upon completion of construction. Most new construction projects receiving HLC assistance from various programs now meet Enterprise Green Communities certification standards. For further information on HLC's current climate priorities, developers should directly contact staff within the Division of Housing Development.

III. HD Zones; TIE Agreements; Application Process for 2026

Now in its twelfth operational year, HDIP consists of three major components:

- The creation by a municipality designated as a Massachusetts Gateway of a Housing Development (HD) zone;
- The creation of a Tax Increment Exemption (TIE) district, inclusive of the HD zone, within a Gateway municipality;
- The approval by HLC of a funding application for a specific project located within an approved HD zone and with an approved TIE agreement eligible in all other ways for an award of HDIP tax credits.

Within HLC, staff from three separate offices work on HDIP: Livable Communities (formerly Community Services), Housing Development, and Office of the Chief Counsel. The Livable Communities staff and HLC attorneys work with HDIP developers on the HD zone and the TIE

process. The Housing Development staff work with developers on the process of applying for HDIP credits.

As indicated, during the past several years, the demand for HDIP credits increased significantly, such that then-DHCD had to take several actions: 1) moving HDIP from a rolling process to a competition process; and 2) pausing the intake of new HDIP applications while awaiting new statutory authorization for the program. With the increased statutory authority made available in October 2023, HLC will hold two HDIP competitions in 2026. Rather than accepting applications on a single deadline date, HLC will open the 2026 application window in June and again in November and will accept applications for a four-week period each time. The two competitions in 2026 will be held as follows:

- June 25, 2026 through July 24, 2026;
- November 23, 2026 through December 23, 2026.

All applications for HDIP must be submitted and complete during these two application periods in order to be reviewed.

TIE Agreement and the Competitive Process

In 2026, the HD zone process and the TIE process and requirements will remain the same as in earlier years. Developers will initiate the HD zone and TIE process with Gateway Cities and will work with HLC's Livable Communities office on both matters. Livable Communities staff will coordinate as needed with HLC's Office of the Chief Counsel. The final form of the TIE must be approved by Office of the Chief Counsel. Livable Communities staff also will notify Housing Development staff that an HD zone or a TIE is in process. However, Housing Development staff do not work directly on the local HD zone or on TIE agreements and do not offer advice on the zone, the agreements, or the process. **It is important to note that HLC will not make an award of HDIP credits to any project unless a valid HD zone and TIE agreement are in place. In addition, developers should note that the status of the HD zone and the TIE will be a factor in the review of both the preapplication and the full application for HDIP tax credits.**

IV. The HDIP Competition Process and the Requirements for Applications for Credit

Until 2021, DHCD, now HLC, required three sequential applications from developers seeking HDIP credits:

- Preliminary Certification Application
- Conditional Certification Application
- Final Certification Application

Developers submitted all three applications to HLC's HD staff and worked with HD staff on their proposals.

The application and the certification process now have been modified. During each of the 2026 HDIP competitions, HLC will require:

- an initial pre-application to be submitted prior to the beginning of each full application period or during the first three weeks of the full application period;
- a full application to be submitted during a fixed four-week period of time, and
- a final certification to be submitted on a rolling basis when statutory requirements have been met:

All sponsors should note: HLC will accept a full application only if the pre-application has been approved and the TIE process is complete or nearly complete.

A. The Pre-Application Process. A pre-application describing the project and the status of the HD zone and the TIE: all preapplications must be submitted on an HLC form and will be due either prior to the beginning of the application period or during the first three weeks of the application period. HLC will approve a pre-application only if the developer has received HD zone approval and also has made substantial progress toward finalizing the form and substance of the TIE with both the municipality and HLC’s Livable Communities office.

If and only if HLC approves a pre-application, the developer will be able to submit a full HDIP application for HDIP credits during the next HLC competition — i.e., the next four-week period for full application submission. The full application will require submission of the items required under HLC’s regulations at 760 CMR 66.05(2). Among other requirements for full applications, the HD zone must have been approved by the municipality, and the municipality must have voted to enter into an agreement for a tax exemption under M.G.L. c.59, §5M and M.G.L. c.40V, §4(b)(ii). The municipality and/or the developer also must have sought input from HLC’s Livable Communities staff.

If a project receives an award through an HDIP competition, the developer must complete the project and then submit an application for final certification once statutory leasing or sales requirements have been met. The application for final certification can be submitted whenever the statutory requirements have been met.

The pre-application requirements are as follows:

- All pre-applications must be complete. HLC will not review incomplete submissions.
- HLC will review only those pre-applications representing projects with approved HD zones that also are well along in the local TIE process.
- HLC typically will review HDIP pre-applications only if the HDIP sponsor has not started construction on the project.
- Sponsors of HDIP pre-applications must be in good standing with HLC and its quasi-public housing affiliates.

- In order to receive pre-application approval, sponsors of HDIP projects must have made acceptable progress on any HDIP projects for which they received awards prior to the date of this NOFA.
- All pre-applications must include a letter of support from the chief elected official of the Gateway municipality. The letter must confirm the status of the TIE and must indicate whether the municipality is supporting the proposed project in any other way.
- All pre-applications must include a statement by the sponsor's architect indicating the status of the architectural drawings/scope.
- All pre-applications also must include a one-page memorandum from the architect describing the ways in which the HDIP project will include components of green and sustainable design, consistent with the Commonwealth's goal of promoting climate resilience in projects that receive valuable public resources.
- All pre-applications must include a short memorandum from the project sponsor setting forth the sponsor's experience in and ongoing commitment to M/WBE housing practices and listing M/WBE goals for the proposed project.
- All sponsors must submit a pre-application fee of \$1,500, in the form of a check made out to HLC. The pre-application fee is non-refundable. HLC will not review any preapplications unless the fee is received by HLC within two business days of the preapplication submission.

All sponsors should note: they may obtain the template pre-application from HLC by emailing Stephen Pantalone (stephen.pantalone@mass.gov). They also may submit their completed pre-applications to EOHLC-HDU@mass.gov. If and only if HLC approves a sponsor's HDIP pre-application, the sponsor may submit a full application for HDIP credits during the ensuing full application period. Sponsors are required to submit the full application to EOHLCHDU@mass.gov.

B. The 2026 HDIP Application Process: Further Details

During 2026, HLC will hold two HDIP competitions. HLC will accept applications from developers with approved pre-applications during the following time periods:

Prior to the beginning of each full application period, HLC will accept pre-applications for the next application period. HLC also will accept pre-applications during the first three weeks of the full application period. **All sponsors should note the following: HLC reserves the right to achieve geographic spread as it makes decisions on pre-applications and full applications for HDIP.**

HDIP Full Applications

As noted, sponsors with approved HDIP pre-applications will be able to submit full applications to the next 2026 HDIP competition. All sponsors should note that, if they are not successful in receiving HDIP tax credits through the 2026 competitive process, they still may have the option of securing tax relief under the approved TIE.

HLC will provide the required components of the full application to sponsors with approved pre-applications. The required components will be familiar to sponsors who have worked previously with DHCD/HLC on HDIP projects. All full applications must be complete as of the date of submission. HLC will not review incomplete applications.

In addition, sponsors should note the following:

In reviewing each full application, HLC will use criteria set forth in its regulations and other criteria it has used for years to evaluate multifamily funding applications, including previous HDIP applications:

- Development team capacity
- Project marketability
- Appropriateness of design and scope, including important characteristics of green and climate resilient design
- Financial feasibility
- Readiness of project to proceed

HLC anticipates typically awarding between \$2 million to \$2.5 million to HDIP applications that receive approval. On a case-by-case basis, HLC will consider increasing the award amount to no more than \$4 million for larger-scale projects.

HLC reserves the right to limit the number of HDIP awards during 2026 to a given Gateway City. Further, HLC reserves the right to make no more than two awards to a single HDIP developer. In addition to the full application, the sponsor also must mail or deliver a non-refundable application fee of \$1,500, in the form of a check made out to HLC. HLC review will begin when the check has been received at Executive Office of Housing and Livable Communities, 100 Cambridge Street, Suite 300, Boston, MA 02114 (attention: Bertha Borin).

HLC expects to make HDIP awards approximately 8-12 weeks after the submission of a complete application. Please feel free to email Stephen Pantalone or Catherine Racer with any questions. Their email addresses are stephen.pantalone@mass.gov and catherine.racer@mass.gov.

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