

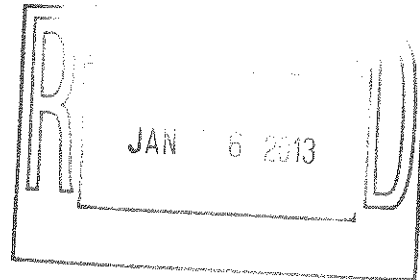


Michael V. O'Brien
City Manager

CITY OF WORCESTER

December 26, 2013

Aaron Gornstein, Undersecretary
Commonwealth of Massachusetts
Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114



Re: City of Worcester HDIP Application

Dear Undersecretary Gornstein:

I enclose for your review and approval an HD Zone and HD Zone Plan application, under the Housing Development Incentive Program (HDIP), for the proposed City of Worcester Urban Density Residential District. Please note that this program application is in accordance with the rules and regulations as set forth in the Commonwealth's Housing Development Incentive Program, M.G.L. Chapter 40V (760 CMR 66).

The City of Worcester is committed to increasing residential growth, expanding housing alternatives, stabilizing neighborhoods, and promoting economic development. The HDIP is a critical tool to make market-rate residential redevelopment projects more economically feasible for property owners and developers in Gateway Cities. Worcester welcomes this opportunity to provide a new economic development incentive to enhance the City's existing development-friendly environment. We look forward to working with the Department of Housing and Community Development (DHCD) on the approval of this program application, its implementation, and all individual project applications moving forward.

If you have questions or require additional information, please do not hesitate to contact Jackson Restrepo, Senior Project Manager, at 508-799-1400, Ext. 262.

Sincerely,

Michael V. O'Brien
City Manager

Cc: Miryam Bobadilla, DHCD
Timothy J. McGourthy, Chief Development Officer



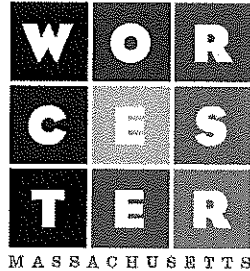
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CITY OF WORCESTER



HOUSING DEVELOPMENT INCENTIVE PROGRAM (HDIP)

City of Worcester HDIP Zone & Plan

City of Worcester Executive Office of Economic Development

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C. Executive Summary

The Commonwealth of Massachusetts has provided Gateway Cities with a development tool to increase residential growth, expand the diversity of housing stock, support economic development, and promote neighborhood stabilization in designated geographic target areas. The Housing Development Incentive Program (HDIP) provides two types of tax incentives (local property tax exemption and state tax credit) to developers to undertake substantial rehabilitation of properties for lease or sale as multi-unit market rate housing.

The City of Worcester, as a Gateway City, is proposing an HD Zone and HD Zone Plan in accordance with 760 CMR 66.00 Housing Development Incentive Program – Chapter 40V. The proposed HD Zone, to be known as the Urban Density Residential District, is comprised of a number of areas the City has targeted over the years through various strategic revitalization initiatives. These designations include the Commercial Area Revitalization District (CARD), the Neighborhood Revitalization Strategy Areas (NRSAs), and the Quinsigamond Village Strategic Plan.

Through the HDIP Program, the City of Worcester is looking to expand housing alternatives, increase residential growth, promote economic development, and support the stabilization and livability of neighborhood districts. To accomplish these goals the Program will focus on achieving measurable objectives, including:

- Decreasing the city's downtown vacancy rate;
- Encouraging the preservation and rehabilitation of historic buildings;
- Promoting mixed-use development, with a particular focus on attracting ground-level retail space and upper-level residential space in underutilized buildings;
- Increasing pedestrian activity and enhancing the surrounding streetscape;
- Increasing housing opportunities for residents with disposable income that are able to support the local economy;
- Retaining a local talent pool by providing attractive housing opportunities to recent college graduates and young professionals;
- Providing tax incentives to developers to make these projects become economically feasible; and
- Generating new tax revenues.

The Urban Density Residential District is an approximately 3,650-acre contiguous area. It is a large-scale effort that is concentrated foremost in the downtown and central business district, and expands into adjacent neighborhood business corridors. While past revitalization efforts in these strategic areas have focused on improving the local economy through façade and storefront improvements and microloan programs, the HDIP Program allows the City the tools needed to focus on promoting quality market-rate housing development.

Worcester, despite the challenging market conditions, has seen positive change in the HD Zone with new private construction projects, including considerable expansion by college institutions and growth within the life sciences industry sector. The City recognizes a need that is not currently being met - an increased demand for market-rate housing. Furthermore, with the city's

extensive housing stock and affordable home prices, the HDIP Program is a valuable tool to diversify the housing stock as well as to execute and accomplish the strategies outlined in this application.

The City of Worcester has its fair share of affordable housing development spurred by generous local and state subsidies. However, the City has struggled to attract market-rate housing developers because the market does not support the unsubsidized development of this type of housing. A major focus, particularly within the Downtown, is the attraction and promotion of market-rate housing development. The City understands the importance of attracting residents with disposable income will greatly enhance the health and well-being of the local economy. The HDIP Program provides the needed competitive advantage to promote market-rate residential development projects as more economically feasible and thus help close this critical gap.

The City of Worcester currently has over \$2.0 billion of development projects that have been recently completed, are currently underway, or are planned in the near future. This economic growth is transforming Worcester in a positive way, and is spurred by the expansion of some of our major institutions, including the Massachusetts College of Pharmacy and Health Sciences University (MCPHSU), Worcester Polytechnic Institute (WPI), and UMass Medical School, among others. Other development projects include:

- CitySquare – A \$565 million, multi-phased project in the heart of downtown Worcester. Upon completion, this project is anticipated to create more than 2.2 million square feet of commercial, medical, retail, entertainment, and residential space. To date, one 214,000 sf office building, one 66,000 sf medical building, and an 860-car parking garage have been completed. Also, infrastructure improvements, including new roads and other streetscape improvements, have been completed within the project area. Currently, CitySquare is entering a new development phase which will pave the way for the construction of residential and hotel facilities as well as the construction of an underground parking garage and additional public infrastructure work. DCU Center Arena Renovation – A \$23 million renovation project that is in its final stages of construction. Improvements include interior and exterior architectural upgrades, building expansion for a new lobby, box office and concourse, upgrades to the mechanical, electrical, and plumbing systems, and two new suites as well as revamped restrooms.
- Gateway Park – A market-based brownfield redevelopment project located just north of the City's downtown. A \$40 million, 125,000 sf research and development building was the first to open in Gateway Park in 2007, accompanied by an \$11 million, 680-car parking garage. This past year, the construction of a 92,000 sf laboratory/office building was completed.
- South Worcester Industrial Park (SWIP) – The City of Worcester has invested over \$6 million of federal, state, and local resources into the conversion of an approximately 8-acre brownfield site, into five pad-ready parcels for light manufacturing/industrial use. The City has completed infrastructure improvements within the project area, demolished vacant and blighted buildings and completed environmental assessment work.

- Worcester Regional Transit Authority Bus Hub at Union Station – In 2013, the WRTA completed the construction of a new 14,000 sf administrative and transfer facility adjacent to Union Station. This building houses administrative offices, customer service operations, and a transfer hub consisting of eight (8) bus slips that provides riders with shelter in all types of weather.
- Canal Lofts – The former Chevalier Furniture Building, a 90,000 sf, four-story structure, was purchased by Winn Development for a 64-unit mixed-income residential development. After 14 months of construction, the \$24 million project is complete, and the building fully leased at this time.
- Telegram & Gazette Building Renovation (18-20 Franklin Street) – The Worcester Business Development Corporation purchased the former Telegram & Gazette in 2011. The WBDC intends to transform the building into a mixed-use facility which will include office, academic, conference space and retail, at a cost of approximately \$15 million.
- Blackstone Gateway Park and Visitor Center – Planned as tourist destination and a gateway to Worcester and the Blackstone Valley, the visitor center will be a full service, multi-use facility, featuring a welcoming area, historic and cultural exhibits, a theater, restroom facilities, office, classroom, and meeting space. The surrounding park will provide recreational and educational opportunities by way of trails, boardwalks, observational platforms, interpretive signage and kiosks, canoe launch areas, and bike paths with connectivity to the Blackstone River Bikeway.

To date, the City has been approached by a number of property owners that have expressed great interest in the HDIP Program for the redevelopment of their properties; however it is too soon to say whether or not these properties would be eligible to participate in the Program.

D. HD Zone

1. Name of the Proposed HD Zone

The name of the proposed HD Zone is the “Urban Density Residential District.”

The Urban Density Residential District contains an array of zoning designations that include residential, business, manufacturing, and institutional areas. The Urban Density Residential District has been subject to disinvestment and economic distress throughout the last few decades. Worcester, like many other urban localities in the country, has suffered the consequences of globalization and deindustrialization. As a result, vacant, obsolete, underutilized, and dilapidated structures stand reminiscent of a bygone manufacturing era. These areas have been previously identified in economic revitalization initiatives, master plans, and strategic plans for targeted revitalization efforts to improve the quality of life for people that live and work in the city.

The Urban Density Residential District combines previously identified areas of focused investment and includes:

- Neighborhood Revitalization Strategy Areas (NRSAs), as approved by the U.S. Department of Housing and Urban Development (HUD) through its Community Development Block Grant Program (CDBG). The NRSA is an official designation of HUD that allows for the concentration of CDBG program resources in neighborhoods experiencing extreme levels of distress. NRSA plans establish and strengthen collaboration between local governments, neighborhood residents, community based organizations, the private sector and other stakeholders in order to forge partnerships and address housing, economic development and human services needs within the NRSA area. The NRSA areas of the City are: Beacon Neighborhood, Chandler Business District, South Worcester, Grafton Hill, and Lower Lincoln Street.
- Commercial Area Revitalization District (CARD), as approved by the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD). The CARD, an official designation approved by DHCD to assist the City in channeling private and public investment into targeted areas in order to address the economic decline and physical deterioration that accompanies disinvestment. The Worcester CARD consists of eleven districts: Canal District, Downtown, East Side, Highland Street Corridor, Lincoln Street Corridor, Lower Belmont Street Corridor, Main South, North Worcester, South Worcester, Village of Piedmont, and Webster Square.
- Quinsigamond Village Strategic Plan, a vision developed by the City Administration and approved by the Worcester City Council. The Quinsigamond Village Strategic Plan is an integrated approach to economic revitalization designed to stimulate economic development within the neighborhood. To enhance these revitalization efforts, this Plan was prepared to directly and indirectly stimulate additional economic investment and development opportunities in Quinsigamond Village.
- The Downtown/ Central Business District is a major focus of the City's revitalization efforts. From the Theatre District Master Plan to the North Main Street Economic Development Strategy Area to the various development projects ongoing within the City's urban core, this area is the heart of the city and the center for commerce, industry, and learning.

While the above-referenced areas constitute a large land area of approximately 3,650 acres, these designated areas are contiguous with each other, with some overlap.

2. Written Description of the Proposed HD Zone

- Beginning at a point at the confluence of West Boylston Street and Mountain Street
- Thence running southerly along West Boylston Street (target area covering parcels on both sides of the street) as it intersects Gold Star Boulevard
- Thence continuing running southerly along both West Boylston Street and Gold Star Boulevard (target area covering parcels on both sides of the street) to the point of intersection with the center line of Grove Street
- Then running southerly along Grove Street (target area covering parcels on both side of the street) to the point of intersection with the center line of Rural Drive

- Thence running easterly along Rural Drive to the point of intersection with the center line of Prescott Street.
- Thence running northerly along Prescott Street to the point of intersection with the center line of North Street.
- Thence running easterly along North Street to the point of intersection with the center line of I-290.
- Thence running northerly along I-290 to a point immediately west of Norton Street.
- Thence running from the point immediately west of Norton Street to Norton Street and along Norton Street to the point of intersection with the center line of Lincoln Street.
- Thence running northerly and easterly on Lincoln Street (target area covering parcels on both sides of the street) to the point of intersection with the center line of Tacoma Street.

- Beginning at a point at the confluence of Lincoln Street and Shattuck Street
- Thence running easterly and southerly along Shattuck Street to the point of intersection with Green Hill Park
- Thence running southerly and easterly through the easternmost portion of Green Hill Park to the point of intersection with the center line of Rodney Street.
- Thence running southerly and westerly along Rodney Street to the point of intersection with the centerline of Belmont Street
- Thence running westerly along Belmont Street (target area covering parcels on both sides of the street) to the point of intersection with the center line of Goldsberry Street
- Thence running southerly along Goldsberry Street to the point of intersection with the center line of Summer Street
- Thence running southerly and easterly along Summer Street to the point of intersection with the center line of Prospect Street
- Thence running easterly along Prospect Street to the point of intersection with I-290
- Thence running southerly along I-290 to the point of intersection with the centerline of Shrewsbury Street
- Thence running easterly and northerly along Shrewsbury Street (target area covering parcels on both sides of the street) to the point of intersection with the center line of Atchison Street
- Thence running easterly and southerly along Atchison Street to the point of intersection with the centerline of Plantation Street
- Thence running southerly and westerly along Plantation Street to the point of intersection with the centerline of Hamilton Street
- Thence running easterly along Hamilton Street to the point of intersection with the centerline of Delmont Avenue.
- Thence running southerly along Delmont Avenue to the point of intersection with the centerline of Grafton Street
- Thence running westerly along Grafton Street to the point of intersection with the centerline of Massasoit Road
- Thence running easterly and southerly along Massasoit Road to the point of intersection with the centerline of Crowningshield Road
- Thence running westerly and southerly along Crowningshield Road to the point of intersection with the centerline of Houghton Street

- Thence running southerly along Houghton Street to the point of intersection with the centerline of Derby Street
- Thence running westerly and northerly along Derby Street to the point of intersection with the centerline of South Stowell Street
- Thence running southerly and westerly along South Stowell Street to the point of intersection with the centerline of Granite Street
- Thence running easterly and southerly along Granite Street to the point of intersection with the centerline of Rutledge Street
- Thence running southerly along Rutledge Street to the point of intersection with the centerline of Taunton Street
- Thence running westerly along Taunton Street to the point of intersection with the centerline of Loxwood Street
- Thence running southerly along Loxwood Street to the point of intersection with the centerline of Koping Street
- Thence running westerly along Koping Street to the point of intersection with the centerline of Providence Street
- Thence running southerly along Providence Street to the point of intersection with McKeon Road
- Thence running westerly and southerly along Mckeon Road (covering parcels on both sides of the street) to the point of intersection with the railroad tracks
- Thence running southerly and easterly along the railroad tracks to a point immediately north of Tatman Street
- Thence running southerly from the point immediately north of Tatman Street to the point of intersection with the centerline of Tatman Street and Greenwood Street
- Thence running northerly and westerly along Greenwood Street (covering parcels on both sides of the street) as it intersects the centerline of Blackstone River Road
- Thence running northerly and westerly along Blackstone River Road (covering parcels on both sides of the street) to the point of intersection with the centerline of McKeon Road
- Thence running easterly and northerly along McKeon Road (covering parcels on both sides of the street) to the point of intersection with the centerline of Route 146
- Thence running westerly and northerly along Route 146 to the point of intersection with the centerline of Cambridge Street
- Thence running westerly and southerly along Cambridge Street to the point of intersection with the centerline of Main Street
- Thence running westerly and southerly along Main Street to the point of intersection with the centerlines of Park Avenue and Stafford Street
- Thence running southerly and westerly along Stafford Street (covering parcels on both sides of the street) to the point of intersection with the centerline of James Street
- Beginning at a point at the confluence of Goddard Memorial Drive and Main Street
- Thence running easterly and northerly along Main Street (covering parcels on both side of the street) to the point of intersection with the centerline of May Street
- Thence running westerly and northerly along May Street to the point of intersection with the centerline of Park Avenue

- Thence running northerly and easterly along Park Avenue to the point of intersection with the centerline of Pleasant Street
- Thence running easterly along Pleasant Street to the point of intersection with the centerline of Linden Street
- Thence running northerly and easterly along Linden Street as it converges with the centerline of Lancaster Street
- Thence running northerly along Lancaster Street to the point of intersection with the centerline of Highland Street
- Thence running westerly along Highland Street (covering parcels on both sides of the street) to the point of intersection with the centerline of Shussler Road

- Beginning at point at the confluence of Lancaster Street and Highland Street
- Thence running northerly along Lancaster Street to the point of intersection with the centerline of Salisbury Street
- Thence running westerly and northerly along Salisbury Street to the point of intersection with the centerline of Humboldt Avenue
- Thence running northerly and easterly along Humboldt Avenue to the point of intersection with the centerline of Lancaster Street
- Thence running westerly and northerly along Lancaster Street to the point of intersection with the centerline of Grove Street.

3. Rational for Defining the Boundaries as Proposed

Despite the economic decline experienced over the past few decades and the recent economic recession, the City of Worcester has persevered. During the last several years, the Urban Density Residential District has witnessed substantial public and private investment which has given way to substantial institutional, commercial, and residential growth.

The Urban Density Residential District has seen a resurgence in the redevelopment of market-rate housing fueled by the city's growing student population. Additionally, growth in the health sciences and biotechnology industries has further increased the demand for market-rate housing. Large-scale residential projects underway include the Mayo Group's Worcester Holdings (approximately 400 units) around Franklin, Salem, and Portland Streets - in close proximity to Worcester City Hall and the adjacent Worcester Common; a new market-rate housing development project of 55 micro-lofts at 371-379 Main Street; Voke Lofts - a new mixed-income residential redevelopment project of 82 units at the former vocational school buildings in the North Main area of downtown; and Canal Lofts, a 90,000 square foot, four-story structure which was converted into a 64-unit mixed-income residential building (now fully leased). Finally, to date, a number of developers and property owners have expressed interest in using the HDIP as a development tool to bring more market-rate residential projects to the Urban Density Residential District.

4. Independent and Verifiable Data Demonstrating Need

Independent research indicates there is a demand for market rate housing. In a recent Housing Market Study released in October 2012, developed by the City of Worcester with the assistance of RKG Associates, Inc., I2 Community Development Consulting, Inc. and Raquel Kennedy Consulting, LLC, identified the following key findings:

- Only 22% of the city's housing supply was developed after 1980. This relatively old stock has a high potential need for investment in maintenance, repair, and upgrade to maintain value and marketability. Therefore, there is a need for developers to focus on the renovation and rehabilitation of existing units in poor condition.
- Forecasted household growth over the next five years would support approximately 1,550 additional new units. Most of this growth would occur at the upper income levels, supporting units valued at \$300,000 or more.
- One-third of the forecasted housing demand would come from young professionals (less than age 35) while the rest would come from aging baby-boomers (age 55 and older).
- Housing demand over the next five years will be driven primarily by turnover as compared to new household growth. Renter turnover is expected to be strong. Nearly 55% of renter turnover would come from low-income households (those earning less than \$35,000).
- The number of low-income renters is forecasted to decline by nearly 1,100 households over the next five years. Therefore, some increase in the number of market-rate units would be warranted in order to accommodate this forecasted loss in low-income renters.
- The city has the potential to see another 2,800 units added to the housing supply, either in future phases of ongoing projects or recently approved and/or planned developments. While it may take another five to ten years for these developments to occur, a large percentage of this proposed addition is market-rate housing and are planned for the downtown area.

Another factor that further confirms a strong demand for market-rate housing includes a growing student population in Worcester. In the last decade, higher enrollment rates at colleges and universities within the city has led to increased construction of residence halls and the creation of mutually beneficial partnerships between higher education institutions and private developers to provide additional housing options for students and staff.

An example of this is the tremendous growth of MCPHSU. The University has targeted increasing its enrollment to 2,000 students over a five year period. Its expansion has occurred within the Urban Density Residential District. In June 2010, MCPHSU purchased a 243-room former Crowne Plaza hotel and has transformed the property into the Lincoln Square Living & Learning Center. The complex contains 423 furnished single-room residences with private baths, fitness center, laundry facilities, etc. In addition, MCPHSU has completed construction of a 54,000 square foot six-story building, to be used for institutional purposes, connected to the

Lincoln Square Living & Learning Center. Finally, In January 2013, MCPHSU acquired another property in the Urban Density Residential District at 15 Belmont Street, which includes a total of 90,000 square feet, and is seeking to renovate the property into loft-style apartments. This projected increase in student population has also helped flourish partnerships with the private sector to increase housing opportunities in the Urban Density Residential District. An example is the 371-379 Main Street project that will convert a mostly vacant and underutilized building into 55 micro-loft market rate units, 26 of which have been committed to MCPHSU.

To address the increasing need for more student-housing, WPI also expanded its footprint in the Urban Density Residential District. In June, 2012 WPI broke ground on an 89,000-square-foot LEED certified residence hall. This new housing complex recently opened in August 2013. Lastly, given the significant demand for more student-housing, Becker College has partnered with the Mayo Group to provide 70 housing units in the Urban Density Residential District to accommodate its growing student population and lack of available housing options directly on campus.

5. Support of Objectives in the HD Zone

Further increasing the number of available market rate units is a critical component of successful revitalization for the Urban Density Residential District. Fortunately, there are an abundance of buildings within the Urban Density Residential District that could benefit from this program. Many multi-story buildings, particularly within the Downtown, have fallen into disrepair and are in desperate need of restoration. Property owners and developers for years have explored these sites in an effort to convert them into market rate housing but due to the lack of available gap financing incentives, these redevelopments have not been able to proceed. These property owners and developers have expressed strong support for incentives that would make their projects more economically feasible.

The Urban Density Residential District enjoys excellent access to the region's highway network - Interstate 290, Interstate 395, Interstate 90, Interstate 495, and Routes 9, 20, and 146. Also, Union Station, the city's intermodal transit facility, located in the heart of the Urban Density Residential District, provides commuter rail, intra- and inter-bus service, Amtrak service, and taxi service to a multitude of commuters within the District and the city. Finally the Worcester Regional Transit Authority's bus routes provide riders with access throughout the Urban Density Residential District. With the various transportation alternatives offered in the Urban Density Residential District, residents can easily commute to their jobs, whether within Worcester or beyond.

6. HD Zone Maps

- a. Boundaries of the HD Zone
- b. Locus within the Municipality
- c. Existing property lines and foot-prints of buildings
- d. Existing zoning of each parcel
- e. Land use of each parcel



City of Worcester

Housing Development Incentive Program

HD Zone Boundaries



DATA SOURCES:
All data: City of Worcester Geographic Information System
Original Data - Digitized at 1:480 scale (Data true resolution: 1 inch = 40 feet).
Updated Using Spring 2003 Aerial Photography at 1:1,200 scale (1 inch = 100 feet).
Further Updates Using City of Worcester Information

COORDINATE SYSTEM:
All map data is in the Massachusetts State Plane Coordinate system,
North American Datum of 1983, Massachusetts Mainland Zone (4161).
Units are measured in Feet.

Produced by City of Worcester
Executive Office of Economic Development
JR - 9-5-13

0 0.4 0.8 1.6 Miles





City of Worcester Housing Development Incentive Program Locus Map



0 0.5 1 2 Miles

Produced by City of Worcester
Executive Office of Economic Development
JR - 9-5-13

DATA SOURCES:
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Further Updates Using City of Worcester Information

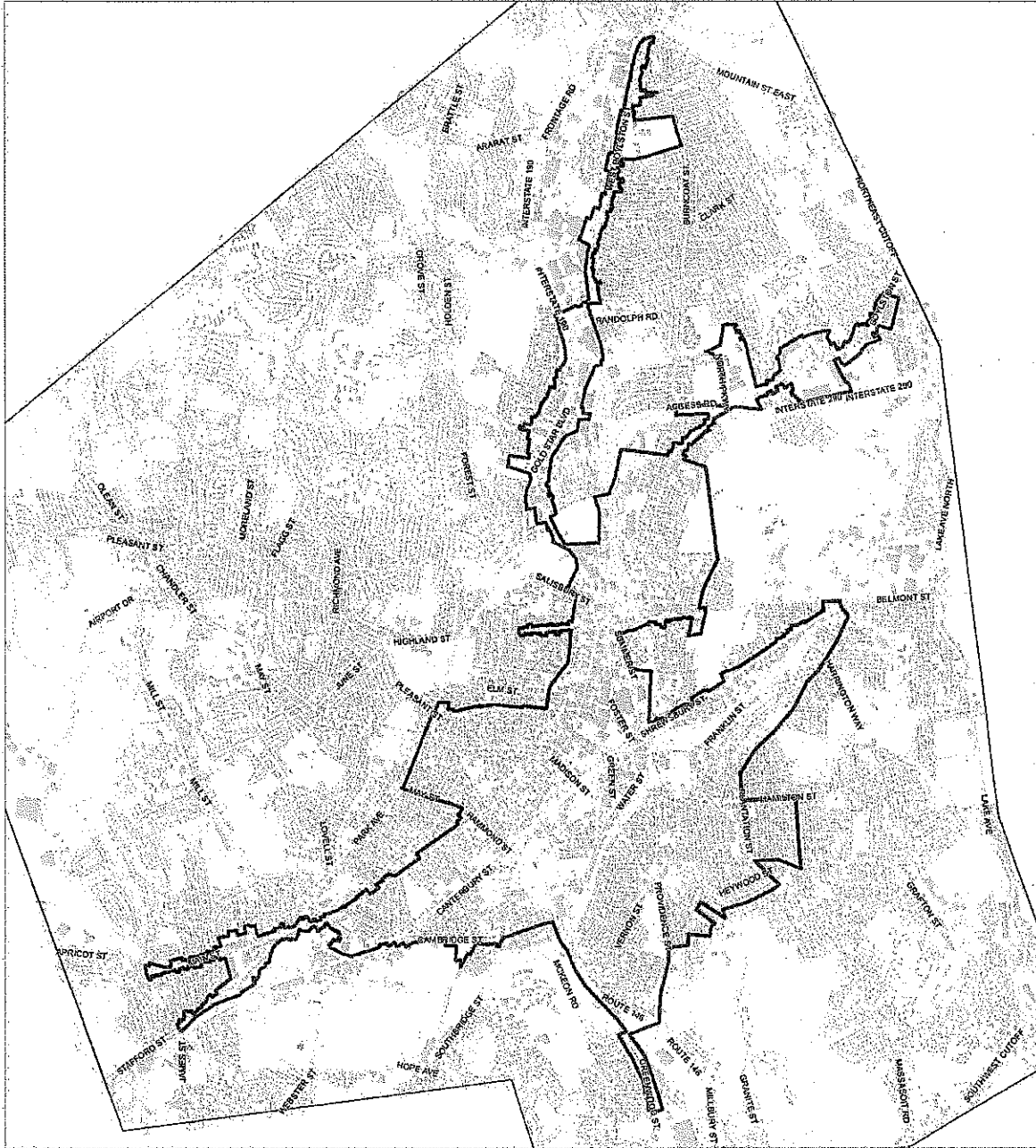
COORDINATE SYSTEM:
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North American Datum of 1983, Massachusetts Mainland Zone, (4151).
Units are measured in Feet.



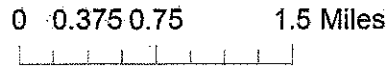
City of Worcester

Housing Development Incentive Program

Parcels and Buildings



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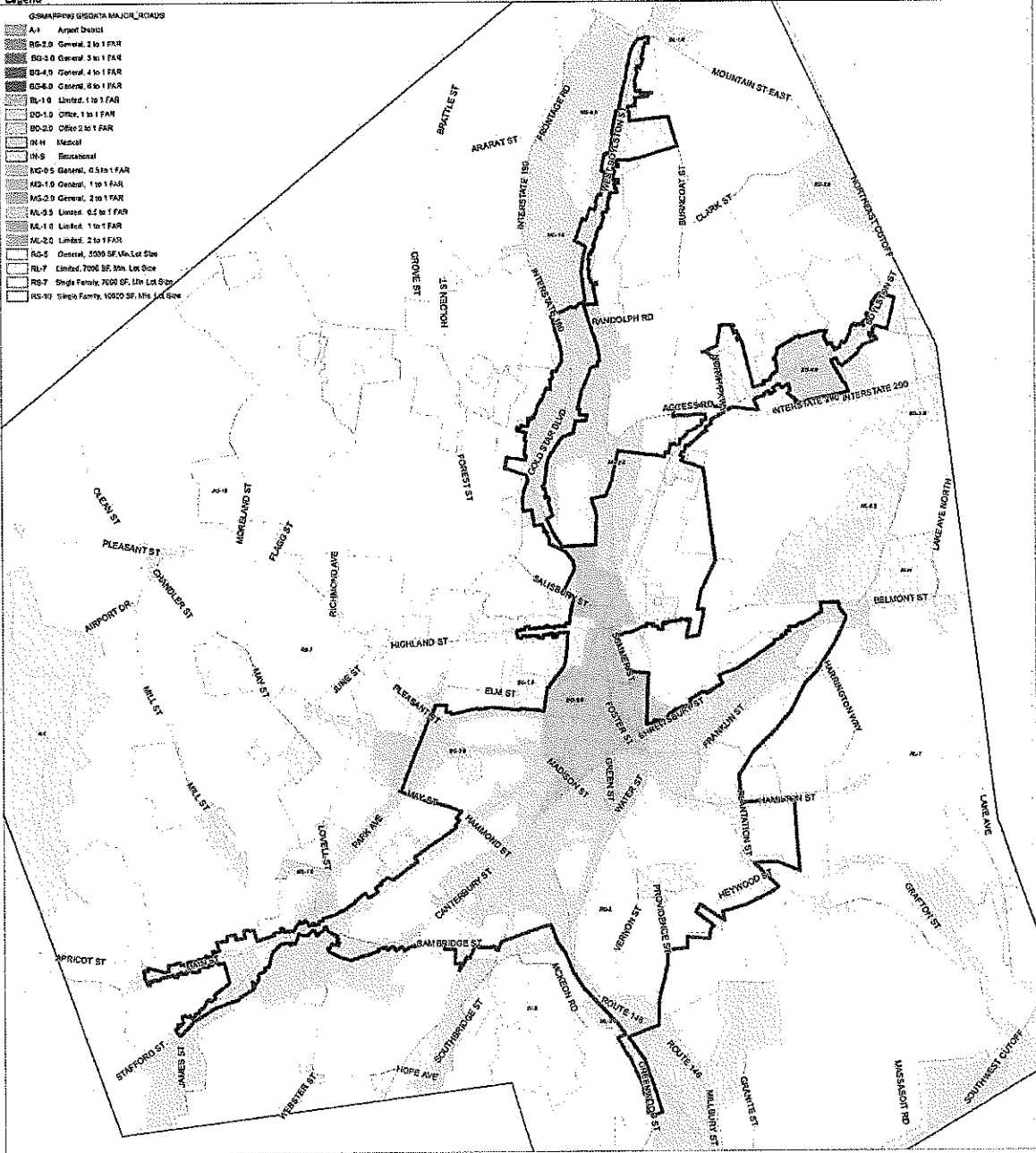
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COORDINATE SYSTEM:
All map data is in the Massachusetts State Plane Coordinate system,
North American Datum of 1983, Massachusetts Mainland Zone (4751).
Units are measured in Feet.



City of Worcester Housing Development Incentive Program Zoning

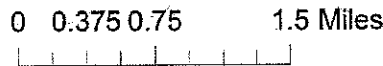
- Legend**
- OSMAPPING GISDATA MAJOR_ROADS
- A-1 Airport District
 - BG-2.0 General, 2 to 1 FAR
 - BG-3.0 General, 3 to 1 FAR
 - BG-4.0 General, 4 to 1 FAR
 - BG-6.0 General, 6 to 1 FAR
 - BL-1.0 Limited, 1 to 1 FAR
 - DD-1.0 Office, 1 to 1 FAR
 - BO-2.0 Office 2 to 1 FAR
 - M-M Medical
 - M-B Recreational
 - AG-0.5 General, 0.5 to 1 FAR
 - M2-1.0 General, 1 to 1 FAR
 - M3-2.0 General, 2 to 1 FAR
 - M4-3.0 General, 3 to 1 FAR
 - M4-1.0 Limited, 1 to 1 FAR
 - M4-2.0 Limited, 2 to 1 FAR
 - RO-5 Office, 5000 SF Min. Lot Size
 - RL-7 Limited, 7000 SF Min. Lot Size
 - RS-7 Single Family, 7000 SF Min. Lot Size
 - RS-10 Single Family, 10000 SF Min. Lot Size



DATA SOURCES:
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 Original Data - Digitized at 1:480 scale (Data true resolution: 1 inch = 40 feet)
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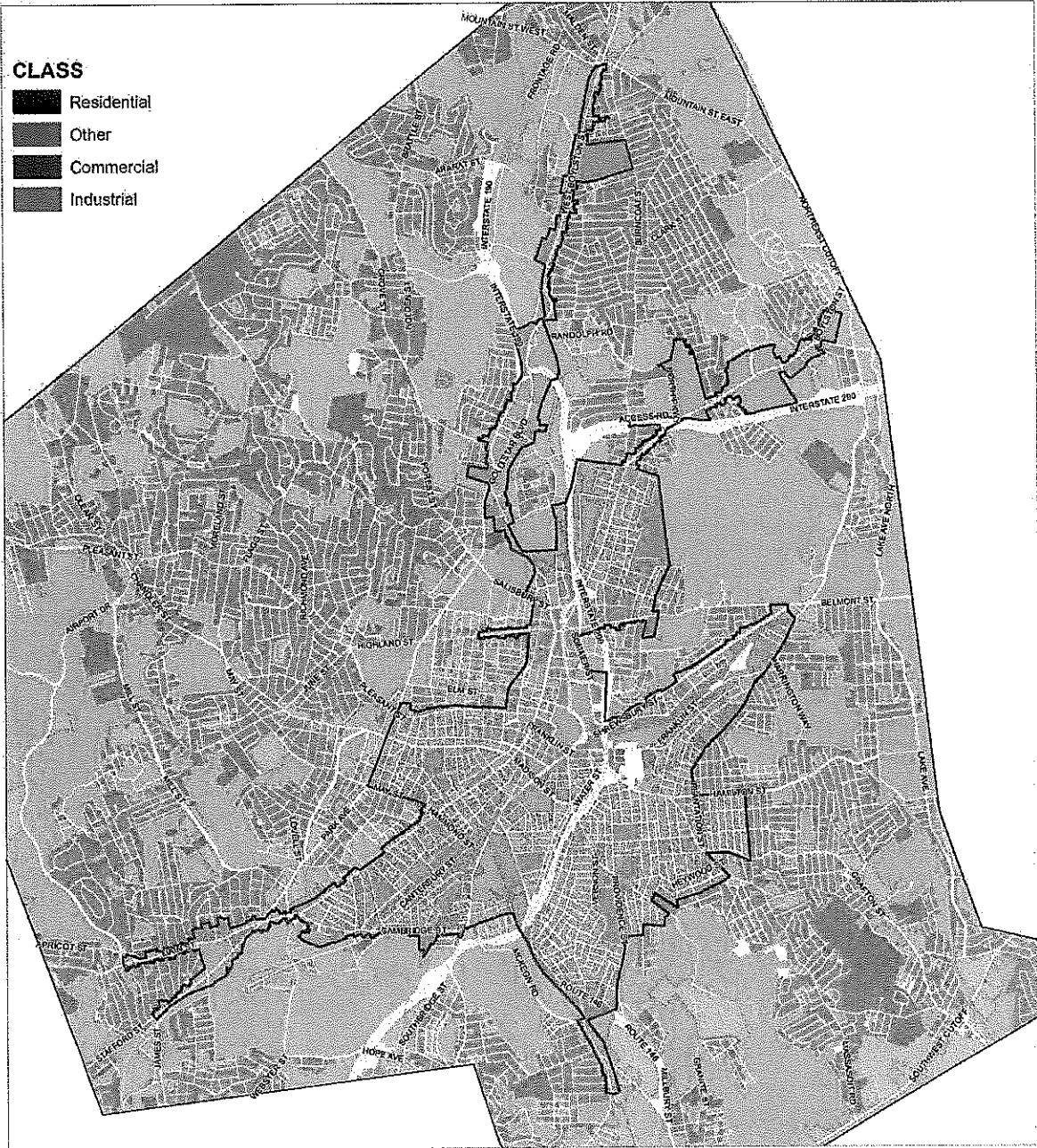
Produced by City of Worcester
 Executive Office of Economic Development
 JR - 9-5-13





City of Worcester Housing Development Incentive Program Land Uses

- CLASS**
- Residential
 - Other
 - Commercial
 - Industrial



0 0.4 0.8 1.6 Miles

Produced by City of Worcester
Executive Office of Economic Development
JR - 9-5-13

DATA SOURCES:
All data: City of Worcester Geographic Information System
Original Data - Digitized at 1:400 scale (Data true resolution: 1 inch = 40 feet).
Updated Using Spring 2003 Aerial Photography at 1:1,200 scale (1 inch = 100 feet).
Further Updates Using City of Worcester Information

COORDINATE SYSTEM:
All map data is in the Massachusetts State Plane Coordinate system,
North American Datum of 1983, Massachusetts Mainland Zone (4151).
Units are measured in Feet.

E. HD Zone Plan

1. Objectives of the HD Zone Plan

The HD Plan focuses on increasing residential growth, expanding diversity of the housing stock, supporting economic development, and promoting neighborhood stabilization in the HD Zone. Accomplishing these goals will contribute to a vibrant and more diverse HD Zone that provides amenities to residents, businesses, and visitors while improving the quality of life. The HD Plan also identifies a number of measurable objectives essential to attaining the desired goals. These objectives include the increase of pedestrian activity, increasing the City's tax base, decreasing the downtown vacancy rate, promoting upper story development, and rehabilitating historical buildings.

To achieve these goals and objectives the City of Worcester will continue to implement strategies outlined in a number of planning efforts and initiatives it has undertaken over the past years to revitalize a number of targeted areas throughout the Urban Density Residential District. The HD Plan will build on these prior plans and initiatives, while leveraging them with the HDIP, to solidify a more development friendly environment. These strategies include inventory analyses of vacant/underutilized, dilapidated or blighted properties, as primary development opportunities to identify their highest and best use. Most of these development opportunity sites are located in the Urban Density Residential District and offer great potential for academic, office, entertainment, and housing.

Other strategies include the implementation of development tools and incentives to assist developers, navigate licensing and permitting procedures, find financial assistance tools (i.e. tax credits, loans, local-state-federal grants), and bridge connections with other private, public and quasi-public entities that can assist in the financing of these projects. These tools and incentives include:

- Expedited Permitting – Creates a more development-friendly environment by establishing a 180-day timeline for municipal permitting decisions for Priority Development Sites. The City of Worcester has twenty-five (25) approved Priority Development Sites, most of which are located in the HD Zone.
- Gateway Cities Compact – The Gateway Cities Compact for Community and Economic Development was executed on May 19, 2008. This initiative continues to prosper with papers, conferences, and legislation being produced to support the cause. The legislature recently passed an economic development bill (S2345) that includes numerous provisions to promote economic development in the Commonwealth's Gateway Cities. The bill includes new expedited permitting rules for projects in Gateway Cities, a \$50 million bond authorization to support the Growth Districts Initiative, and this Housing Development Incentive Program for developments in Gateway Cities.
- Growth Districts Initiative – As part of a new initiative announced by the Commonwealth's Executive Office of Housing and Economic Development (EOEHD),

the Growth Districts Initiative allows EOEHD to partner with municipalities that have identified one or more areas within their communities as being appropriate locations for significant new growth, whether commercial, residential or mixed-use. Within those identified “growth districts”, EOEHD will work with the community and property owners to make the district truly “development ready” with respect to local permitting, state permitting, site preparation (including brownfields remediation), infrastructure improvements, and marketing. The Worcester Growth District includes the Downtown, spanning from Gateway Park to Washington Square/Union Station to the Canal District, Federal Square, Main Street, and CitySquare (all of which are in the HDIP Zone). As part of the Growth Districts Initiative, the City of Worcester is receiving up to \$21.25 million in state funding for public infrastructure improvements at CitySquare.

- Inter-Departmental Review Team (IRT) - Interdepartmental coordination is achieved through weekly IRT meetings at which staff from the Planning and Regulatory Services Division, Inspectional Services Division, Department of Public Works and Parks, and DBA meet with entrepreneurs, developers, business owners, and company officials to review plans and provide feedback on those plans in anticipation of filing for review and approvals with various regulatory boards and commissions such as the Planning Board, Zoning Board of Appeals, Conservation Commission, and Historical Commission. The IRT meetings and the input that developers and businesses receive from staff at those meetings are invaluable to the development process and assist in guiding applicants efficiently through the development and permitting process. In addition to the weekly IRT meetings, weekly Application Review Team (ART) meetings (internal coordinating meetings) are held between staff within the divisions of Planning and Regulatory Services and Inspectional Services to review all board application filings and plans for zoning compliance and to discuss zoning interpretation matters. These meetings are designed to integrate and align these divisions and cross-train staff to ensure a consistent and thoughtful approach to development and zoning issues, thereby improving the City’s customer service and plan review process.
- Historic Rehabilitation Tax Credits – These credits are available at the state and federal levels. Under the Massachusetts Historic Rehabilitation Tax Credit a certified rehabilitation project on an income-producing property is eligible to receive up to 20% of the cost of certified rehabilitation expenditures in state tax credits. The Massachusetts Historical Commission (MHC) certifies the projects and allocates available credits. At the federal level, a 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures”. Additionally, a 10% tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936.
- Section 108 Loan Program – This program, funded by the Department of Housing and Urban Development (HUD) and the Community Development Grant Program (CDBG), assists projects that conventional lenders may consider as too high a risk to move forward. The maximum Section 108 Loan Guarantee amount is 80% of the conventional

loan to value amount (including bank financing), or the minimum amount required to make the project go forward.

- Brownfields Cleanup Revolving Loan Fund (BCRLF) – Financial assistance offered by the City of Worcester, in the form of discounted loans and grants, federal and state tax incentives, state financing, cleanup insurance subsidies, and predevelopment assistance to activities related to removing, mitigating, or preventing the release or threat of a release of a hazardous substance, pollutant, or contaminant. Also included are site monitoring activities that are reasonable, necessary, and incidental during the cleanup process, as well as costs associated with meeting public participation, worker health and safety, and interagency coordination requirements.
- Economic Development Incentive Program (EDIP) – Provides the following benefits to projects that are designated as Certified Projects and are granted a Tax Increment Financing (TIF) Agreement with the City of Worcester.
 - Abandoned Building Tax Deduction - If the project involves the renovation and reuse of an abandoned building in which 75% of the space has been vacant for a period of 24 months, the project may be entitled to receive a one-time corporate tax deduction equal to 10% of the cost associated with the renovation of the abandoned building.
 - Investment Tax Credit (ITC) - A 5% tax credit provided by the state for all types of businesses. The ITC applies to the cost of renovations of the real estate and to capital acquisitions having a depreciable life of four or more years.
 - Local Property Tax Relief - A TIF Agreement may allow relief from new taxes attributable to the increment generated by the private investment, or a special property tax assessment schedule ranging from 10% to 100% of the total valuation.

EXISTING DEVELOPMENT TOOLS	
Expedited Permitting	Gateway Cities Compact
Growth Districts Initiative	Inter-Departmental Review Team (IRT)
Historic Rehabilitation Tax Credits	Section 108 Loan Program
Brownfields Cleanup Revolving Loan Fund	Economic Development Incentive Program

The City is also working on a zoning overlay initiative, which will cover most of the areas in the Urban Density Residential District, to encourage compact pedestrian friendly developments of compatible land uses at urban densities through the reduction of land devoted to parking; foster the development of high-quality, pedestrian-scale environments through site and building design

that provides aesthetically pleasing pedestrian environment that is accessible, compact, safe, and inviting; avoid the provision of excessive accessory parking; and preserve and enhance the historical cultural, and architectural assets of the city.

Other development strategies and incentives which will help improve the public realm, increase pedestrian activity, and decrease the downtown vacancy rate in the Urban Density Residential District include planned and underway streetscape improvement projects in areas known as CitySquare, Quinsigamond Village, Canal District, other identified areas in the downtown, Franklin Street, Grafton Street, and Plantation Street. These streetscape improvements are creating and/or improving right of way connections between neighborhoods to the downtown, Union Station, Canal District, and other areas in the Urban Density Residential District. Additionally, they are providing public amenities that improve quality of life, help support economic development, and ultimately promote residential growth.

Other ongoing efforts to bring more vibrancy to the Urban Density Residential District, as part of the HD Plan, include outdoor summertime concerts and movies, festivals, and outdoor winter events. These events have become very popular over the years and continue to attract significant crowds, particularly in the downtown areas.

To further enrich the multitude of ongoing economic development efforts that have nurtured a more development friendly environment, the HDIP will serve as a pivotal tool to close the gap many developers and properties owners face when considering market-rate residential projects. With the implementation of the HDIP, participants will have one more tool in their arsenal as they explore ways to make these types of projects more economically feasible.

2. Proposed Activities

Below are a number of development projects that will undoubtedly contribute to the likelihood that market-rate housing will be developed:

- CitySquare – CitySquare, a \$565 million, multi-phased project in the heart of the Urban Density Residential District, is one of the largest public-private development projects in the Commonwealth outside of the Boston area. Upon completion, the project is anticipated to create more than 2.2 million square feet of commercial, medical, retail, entertainment, and residential space. As of today the construction of a 214,000 square foot building for Unum (Paul Revere Life Insurance), and the renovation of an 860-car parking garage have been completed. Unum recently moved into its new office building in January 2013, retaining 700 jobs and creating 50 net new jobs. Additionally, the construction of a 66,000 square foot cancer center has been completed. The new center represents a \$21 million capital investment by Vanguard (parent company of Saint Vincent Hospital) and has opened this year. The next phase of CitySquare includes plans for a residential development project with a scope of approximately 350 market rate apartment units and 15,000 sf of retail at a projected cost of \$60 million. The construction phase is projected to start June, 2015 and is expected to create 20 permanent jobs. Additionally, plans for an enhanced service hotel development of not less than 150 rooms

at a projected cost of \$38 million are underway. This project is projected to start construction in February 2015 and is expected to create 100 full- and part-time jobs. Finally, plans are underway for an underground parking garage to meet projected demands for parking as well as additional public infrastructure improvements.

- DCU Center Arena & Convention Center Complex – The DCU Center, which averages over 700,000 attendees per year, is currently undergoing a \$23 million renovation project. Current improvements are focused on the Arena and include interior and exterior architectural upgrades, building expansion for a new lobby, box office and concourse, upgrades to the mechanical, electrical, and plumbing systems, and two new suites as well as revamped restrooms. Preconstruction is complete, and construction activities have commenced. Construction is expected to be completed by late 2013.
- Gateway Park – The City continues to work with Worcester Polytechnic Institute (WPI) to develop Gateway Park, a market-based brownfield redevelopment project located in the Urban Density Residential District and just north of the City's downtown. A \$40 million, 125,000 square foot research and development building was the first to open in Gateway Park in 2007, accompanied by an \$11 million, 680-car parking garage. This past year, O'Connell Development Group Inc., operating as 50 Prescott Street LLC, completed construction of a second laboratory/office building at Gateway Park, a 92,000-square foot, \$32 million construction project. Tenants include Massachusetts Biomedical Initiatives (MBI), with a subtenant to Blue Sky Biotech, as well as WPI Biomanufacturing Education and Training Center, WPI's Fire Protection Engineering Department, and WPI School of Business to better serve growing demand for the part-time MBA program, now ranked first in the United States. This building is the second of four new life sciences/office buildings planned for Gateway Park.
- South Worcester Industrial Park (SWIP) – The City of Worcester has invested over \$6 million of federal, state, and local resources into the conversion of an approximately 8-acre brownfield site, located in the south end of the Urban Density Residential District, into five pad-ready parcels for light manufacturing/industrial use. The City has completed infrastructure improvements within the project area, demolished vacant and blighted buildings and completed environmental assessment work. The City has developed a TIF Plan for the project area, and is in the process of updating its master plan for the area. It is anticipated that the city-owned parcels will be advertised for disposition in 2013.
- ✓ • The Hanover Theatre for the Performing Arts – The City of Worcester coordinated with the Worcester Center for the Performing Arts, a development group that has transformed the former Loew's Poli Palace Theatre with a \$30 million renovation into the state-of-the-art Hanover Theatre for the Performing Arts. The theater, located in the heart of the Urban Density Residential District, boasts 2,300 seats and attracts patrons into the downtown core every year to see live performances of off-Broadway shows, concerts, recitals, and other live performances. Since the Theatre's grand opening in March 2008, a schedule which includes a variety of cultural offerings has attracted nearly sold-out crowds to its performances totaling approximately 140 events per year and nearly 200,000 attendees annually.

- Union Station – As the gateway to the Downtown from the east and the location of the region’s premier intermodal transportation center, the City is working with the Worcester Redevelopment Authority to maintain, operate, market, and lease available spaces within historic Union Station. Currently operating within Union Station are the following tenants: Amtrak, the Massachusetts Bay Transportation Authority (MBTA), Goodies by the Tracks, Central Massachusetts Regional Planning Commission, Vanasse Hangen Brustlin, Biblos Lounge, and Maxwell Silverman’s Banquet & Conference Center. The commuter rail daily ridership is approximately 1,500 passengers.
- WRTA Administrative and Bus Transfer Station – In 2013, the WRTA completed the construction of a new 14,000 square foot administrative and transfer facility adjacent to Union Station. This state-of-the-art building consists of three stories, and will house administrative offices, customer service operations, and amenities that include a seated public waiting area and restroom facilities. The development will also contain a transfer hub consisting of eight (8) bus slips and provide riders with shelter in all types of weather. In an effort to accommodate customers and encourage alternate modes of transportation, the WRTA hub will also offer bicycle amenities at the site. This facility serves to complete the vision of Union Station as a true intermodal facility.
- Union Station Parking Garage – The former Parcel Post property on the southern side of Union Station was acquired by the City, demolished, and a new 500-car parking garage to serve Union Station was completed in 2008. This new garage, with 8,000 square feet of first floor commercial space, allows direct access to Union Station for commuters and patrons, and opens up the temporary parking lot constructed on Foster Street for development as a possible mixed-use building including transportation, parking, commercial, and retail uses.
- Canal Lofts – The former Chevalier Furniture Building, a 90,000 square foot, four-story structure, was purchased by Winn Development for a 64-unit mixed-income residential development. After 14 months of construction, the \$24 million project is complete, and the building fully leased at this time.
- 26 & 34 Grove Street, Voke School Buildings B & C – The former Worcester Vocational High School Buildings B & C were purchased by New Garden Park, Inc. a subsidiary of the WBDC, for an 84-unit mixed-income residential development to be constructed and managed by Winn Development. Since its purchase, above-ground hazardous material abatement and demolition of portions of the complex have been completed, and construction is currently underway.
- Gardner-Kilby-Hammond Neighborhood Revitalization - Gardner-Kilby-Hammond is a \$32 million brownfield revitalization project spearheaded through a public/private partnership involving the Main South Community Development Corporation, the Boys & Girls Club, Clark University, and the City of Worcester. This multi-phased neighborhood revitalization effort involves the redevelopment of 30 acres for recreational facilities, a new Boys & Girls Club facility which is successfully operational, bikeway/pedestrian

path, and 80 affordable, energy efficient homeownership units for sale to first-time homebuyers. The housing portion of this initiative was completed in October 2012. The final component of the project is the construction of a bike path, playing fields, and street upgrades. Currently in design, construction is anticipated to commence in 2013.

- ✓ • Mayo Group - Mayo Group, a residential and commercial real estate firm based in Boston, continues the development of its properties adjacent to the Worcester Common. The construction of up to 70 new units of housing at the former Bancroft Motors property on Portland Street is ongoing. These new units join the 400+ units of housing which have been purchased, renovated, and rented out by the Mayo Group over the past five years. In addition, Mayo Group is developing ground-floor retail opportunities along Franklin Street and Portland Street.
- 371 - 379 Main Street – In December 2012, SJ Realty LLC acquired 371-379 Main Street, two underutilized buildings with a combined gross area of more than 43,000 square feet. SJ Realty LLC intends to renovate the property into market-rate housing geared towards graduate students and young urban professionals. The first floor of both buildings will remain commercial while the upper floors will be converted to 60 micro-loft units, 26 of which have been committed to Massachusetts College of Pharmacy and Health Sciences. Both buildings will undergo \$3 million to \$4 million in renovations and 30 of the units are scheduled to be completed by late, 2013.
- 18 - 20 Franklin Street – The Worcester Business Development Corporation purchased the former Telegram & Gazette in 2011. The WBDC intends to transform the building into a mixed-use facility which will include office, academic, conference space, and retail, at a cost of approximately \$15 million.
- Blackstone Gateway Park and Visitor Center - The Blackstone Gateway Park and Visitor Center will serve as a gateway to Worcester and the Blackstone Valley. This comprehensive project will be a connecting point to recreational, historical, cultural, and geographical attractions in Central Massachusetts. The visitor center will be a full service, multi-use facility, featuring a welcoming area, historic and cultural exhibits, a theater, restroom facilities, office, classroom, and meeting space. A great lawn and performance field along with parking amenities will be located next to the visitor center. The surrounding park will provide recreational and educational opportunities by way of trails, boardwalks, observational platforms, interpretive signage and kiosks, canoe launch areas, and bike paths with connectivity to the Blackstone River Bikeway. Appealing to tourists and residents alike, the Blackstone Gateway Park and Visitor Center project will highlight connections with the historic and cultural significance of Worcester and the Blackstone River Valley while promoting conservation efforts and recreational opportunities.

These and other development projects throughout the Urban Density Residential District, including all of the projects mentioned and highlighted in this report, are already helping expand commercial activity, create high paying job opportunities in the City's biggest industries

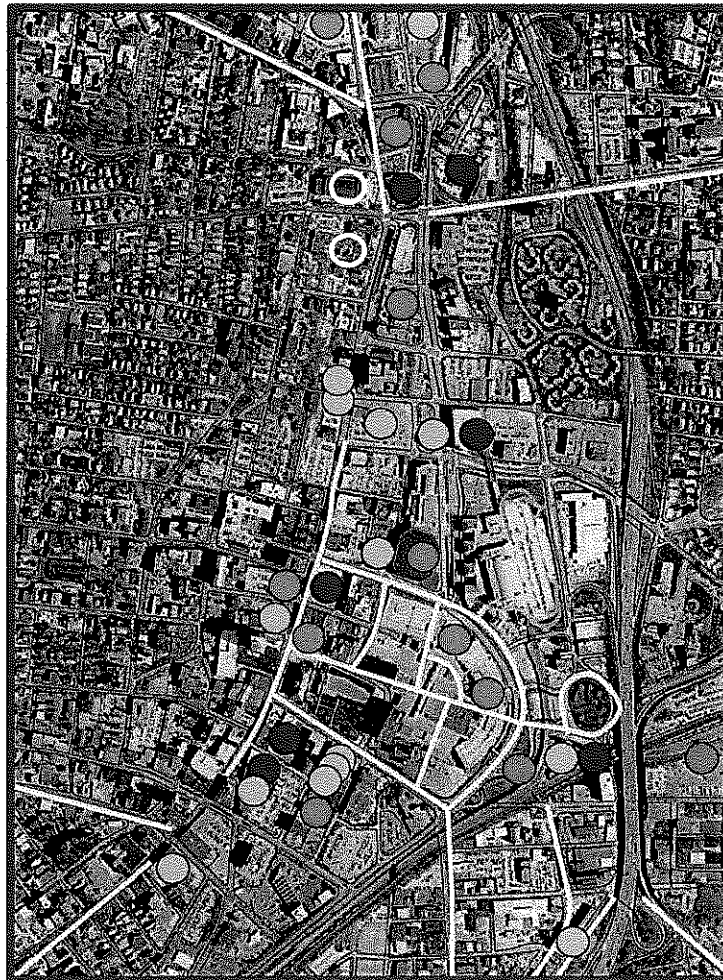
(including institutional and life sciences), and converting development sites into their highest and best uses.

3. Potential Participants

There are a number of developers and property owners with the desire and wherewithal to accomplish significantly large market rate housing project in the Urban Density Residential District. However, at this time the City of Worcester will not be submitting any applications for Certification of an HD Project.

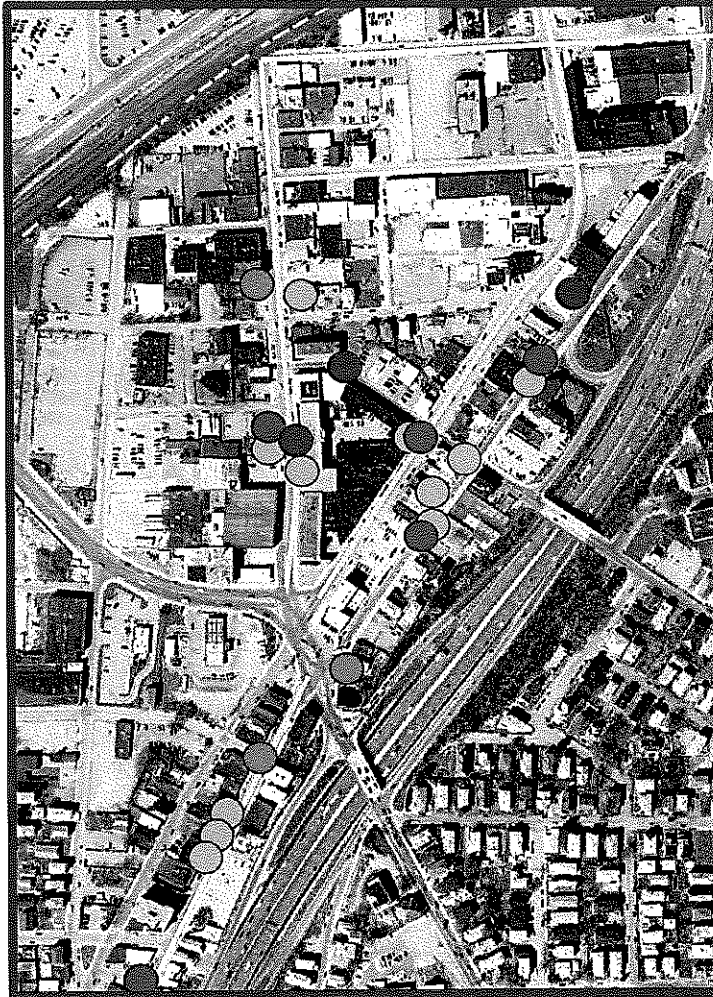
4. Maps of Proposed Development Activities

Below are a number of selected projects within some areas of the HD Zone that experienced a surge of development projects. These areas include the Downtown, Canal District, and Shrewsbury Street areas.



HD Zone - Downtown Investments

- **Completed**
 - 6 & 16 Portland - Residential/Retail
 - 40 Foster Street - Institutional
 - 60 Franklin Street - Residential
 - 180-184 Main Street - Commercial
 - 416 Main Street - Commercial
 - 653 Main Street - Residential
 - The Hanover Theatre for the Performing Arts
 - Hilton Garden Inn
 - MCPHS - Foster Street/Living & Learning Center
 - Regional Justice Center
 - Union Station (Byblos, CMRPC, Maxwell's, VHB)
 - Union Station Garage
 - WPI Life Sciences & Bioengineering Center
 - Canal Lofts - Residential
 - CSX Expansion Project
 - WRTA Transit Hub
 - **Underway**
 - 26 Portland Street - Commercial/Residential
 - 75 Grove Street - WPI Dormitory - Residential
 - 371 & 379 Main Street - Residential
 - 427 Main Street - Commercial
 - CitySquare - Commercial (Vanguard)
 - Commerce Bank - Commercial
 - DCU Center Improvements
 - Gateway Park - Commercial
 - T&G Building - Commercial
 - Vocational School Residential
 - **On the Books**
 - 551 Main Street - Commercial
 - MCPHS University Redevelopment
 - Mezcal (MTB Garage)
 - Wormtown Brewery - Commercial
- Street & Sidewalk Improvements**



HD Zone - Canal District Investments

- **Commercial/Restaurant Activity**
 - 181 Millbury Street - La Brasa Restaurant
 - 65 Water Street - Canal Bar & Grill
 - 139 Water Street - The Greyhound Pub (Relocated)
 - 192 Harding Street - Ziti's Trattoria
 - 139 Green Street - Smokestack Urban BBQ

- **Completed City Projects**
 - 63 Green Street (Façade Project)
 - 81 Water Street (Façade Project)
 - 118 Water Street (Façade Project)
 - 52 Millbury Street (Façade Project)
 - 58 Millbury Street (Façade Project)
 - 64 Millbury Street (Façade Project)
 - 102 Green Street (Façade Project)
 - 138 Green Street (Façade Project)
 - 192 Harding Street (Façade Project)
 - 100 Water Street (Façade Project)
 - 139 Green Street (Façade Project)

- **Ongoing City Projects**
 - 26 Millbury Street (Façade Project)
 - 89 Green Street (Façade Project)
 - 9-17 Kelley Square (Façade Project)

- **Residential**
 - Canal Lofts
 - 138 Green Street
 - 7 Harrison

Street & Sidewalk Improvements



HD Zone - Shrewsbury Street Investments

● Commercial/Restaurant Activity

- 480 Shrewsbury Street - Picadilly's Bar and Grill
- 358 Shrewsbury Street - Corapi Lounge
- 346 Shrewsbury Street - Vintage Grille
- 276 Shrewsbury Street - Rivalry's Sports Bar
- 119 Shrewsbury Street - Pomir Grill
- 60 Shrewsbury Street - 7Nana
- 386 Shrewsbury Street - Spa Luxuries
- 305 Shrewsbury Street - The Network Insurance Agency
- 240 Shrewsbury Street - Mad Man Cycles
- 218 Shrewsbury Street - Cinch It Computer Services
- 174 Shrewsbury Street - Seed to Stem Botanicals
- 114 Shrewsbury Street - Adesso Hair Salon

○ Completed City Projects

- 277 Shrewsbury Street (Façade Project)
- 386 Shrewsbury Street (Microloan Project)

5. Comparison of Zoning Requirements

There are no zoning changes being proposed as a result of the City of Worcester's application for HD Zone and Plan designations.

6. Proposed HD Project Eligibility

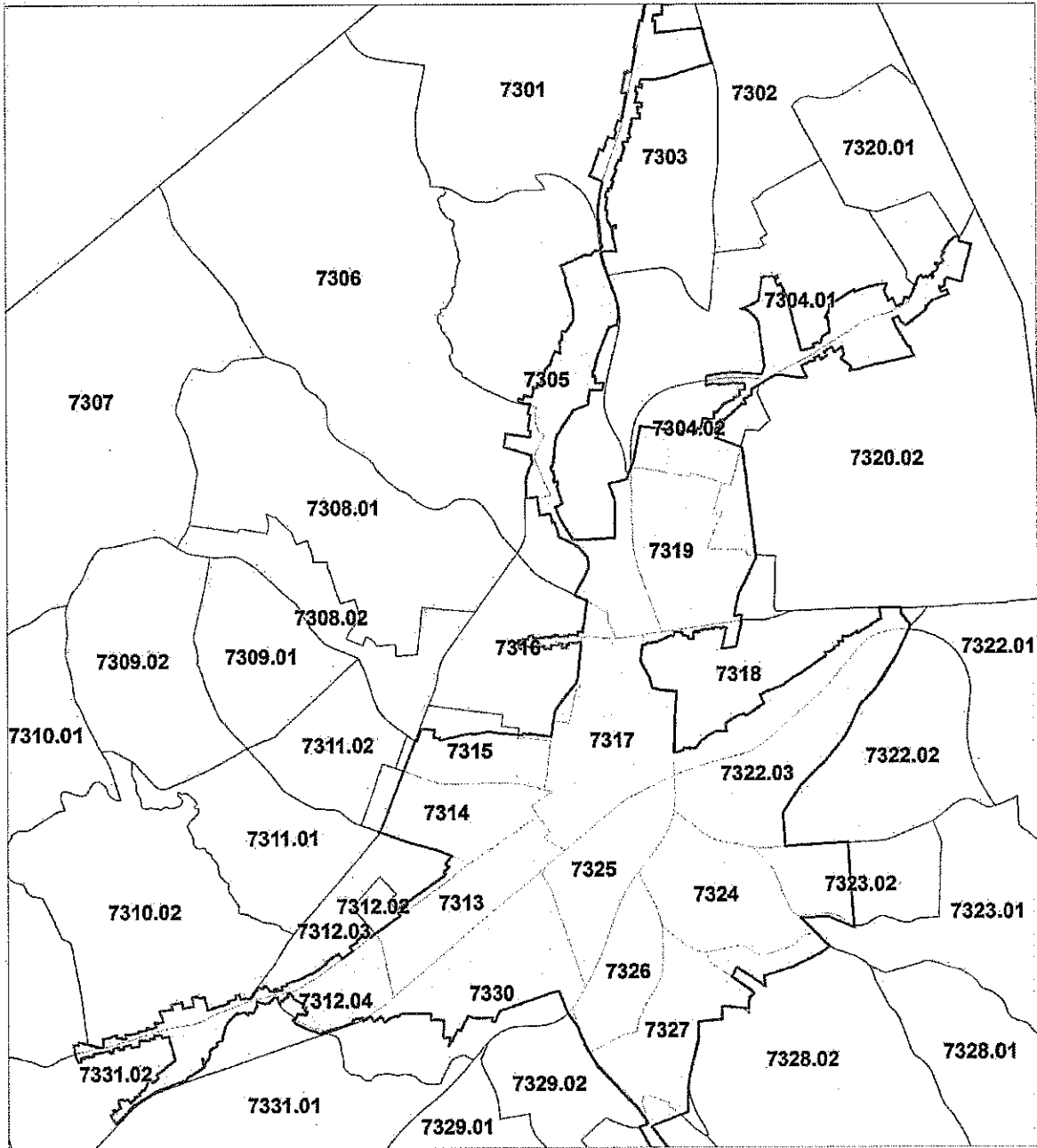
At this time the City of Worcester will not be submitting any applications for HD Project Certification.

7. Identification of Pricing Area

The methodology used to identify the Pricing Area and establish the Target Median Household Income can be found under Section F.



City of Worcester Housing Development Incentive Program Census Tracts



0 0.325 0.65 1.3 Miles

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8. HD Zone Plan Timeline

The duration of the HD Zone Plan shall be for 20 years starting on the date the HD Zone designation and HD Plan are approved by DHCD.

In the next five years, the City of Worcester expects to complete a multitude of projects that will continue to have the desired positive economic spinoff in the Urban Density Residential District. The following projects have recently been completed and/or are anticipated to be completed in the next five years:

URBAN DENSITY RESIDENTIAL DISTRICT PROJECTS	ESTIMATED COMPLETION DATE
CitySquare - Completion of Unum Building (214,000sf)	Completed in 2013
CitySquare - Completion Cancer Center (66,000sf)	Completed in 2013
CitySquare - Renovation of 860-car parking garage	Completed in 2013
City Square - New roadway network for vehicular and pedestrian traffic	Completed in 2013
CSX / Commuter Rail	Completed in 2013
WRTA Administrative and Bus Transfer Station	Completed in 2013
DCU Center Arena & Convention Center Complex	October, 2013
Complete Environmental Remediation of the South Worcester Industrial Park	December, 2013
New Student Housing Complex at Gateway Park (89,000sf)	Late 2013
84-unit mixed-income residential development at 26 & 34 Grove Street	Summer 2014
18-20 Franklin Street Mixed-use Rehabilitation Project	Summer 2014
WRTA Maintenance and Operations Facility	To be completed within 3 years
CitySquare – Underground parking garage	To be completed within 3 years
CitySquare – Public infrastructure improvements	To be completed within 3 years
CitySquare – 350 market rate residential units	Construction phase to commence in 2015
CitySquare- 150 room hotel	Construction phase to commence in 2015
Gardner-Kilby-Hammond Neighborhood Revitalization Project	Summer 2015

Redevelopment Student Housing Project of 15 Belmont Street (90,000sf) by MCPHS	To be completed within 5 years
Blackstone Gateway Park and Visitor Center	To be completed within 5 years

9. HD Zone Plan Duration

The duration of the HD Plan shall be for 20 years starting on the date the HDIP Zone designation and HDIP Plan are approved by DHCD.

The HD Plan will include an HDIP Property Tax Exemption Schedule based on a number of various development scenarios. The real estate tax exemption percentages and the lengths of the tax increment exemptions will depend on the following scenarios:

NUMBER OF MARKET RATE UNITS	EXEMPTION PERCENTAGE	EXEMPTION LENGTH
2-4 Units	30%	Up to 5 Years
5-10 Units	40%	Up to 8 Years
11-15 Units	50%	Up to 10 Years
16-25 Units	60%	Up to 12 Years
26-35 Units	70%	Up to 15 Years
36-50 Units	80%	Up to 20 Years

* In addition to the exemption lengths allowed under each scenario, the actual length allowed will depend on the number of years left in the HD Plan.

10. Amendment to HD Zone Plan

Not applicable at this time

11. Affirmative Fair Housing Obligations

In 2012, in its commitment to address fair housing issues, an Analysis of Impediments to Fair Housing was prepared for the City of Worcester by I2 Community Development Consulting. This analysis is currently being used as a tool to promote a healthy and equitable housing market. This study was prepared with guidance provided by HUD’s Office of Fair Housing and Equal Opportunity (FHEO). In the final report, key findings were provided for areas where the city needs to improve, including rental occupancy practices, mortgage lending and foreclosure trends,

distribution of affordable housing stock, and housing cost burdens. In general it was found that protected groups, including minorities, families with children, and persons with disabilities were the most affected populations.

To address these fair housing issues below are some of the recommendations made:

- Promote mixed-income housing and mixed-income neighborhoods, including encouraging market-rate development in low-income areas.
- Continue to enhance funding and support for existing initiatives to educate both landlords and tenants about their rights and responsibilities under the Fair Housing law.
- Continue to support organizations that provide education, counseling and assistance to homebuyers and homeowners to promote successful ownership.
- Provide extra support for marketing and outreach efforts for homeownership organizations and community housing advocates to engage protected populations around issues related to mortgage lending and foreclosure.
- Research and evaluate the use of alternative tools that may help to turn foreclosed housing stock back into productive use.
- Work with partners to identify and mitigate factors that increase the cost of providing housing units.

The City will require Certified HD Projects to provide completed Form HUD-935-2A – Affirmative Fair Housing Marketing Plan. These forms will be evaluated by the City using the principals outlined in the Fair Housing Study.

12. Consistency with Other Planning Efforts

The HD Plan combines existing planning, including but not limited to, the City Square District Improvement Plan, The Washington Square Redevelopment Strategy, the Theatre District Master Plan, The North Main Economic Development Strategy, the Beacon-Federal Neighborhood Revitalization Plan, Neighborhood Revitalization Strategy Area plans, the Quinsigamond Village Strategic Plan, and the Commercial Area Revitalization District. These planning efforts congruently look to increase residential growth, expand diversity of the housing stock, support economic development and promote neighborhood stabilization in the HD Zone. Each of these planning efforts contributes to a vision for a vibrant and more diverse HD Zone that provides amenities to residents, businesses, and visitors.

These plans, paired with public/private partnerships and investments will guide the outlined strategies to lay a strong foundation for growth over the years to come. This HD Plan will use the strategies defined in these efforts to expand on their success, continue executing those that

are in motion, and ensure that these strategies work harmoniously to achieve the desired goals set by the HD Plan.

F. Pricing of Market Rate Residential Units

The methodology for establishing the Target Median Household Income is demonstrated below:

Census Tracts inclusive of the HD Zone used to calculate the Target Median Household Income include 7301, 7303, and 7305. From these Tracts the Median Household Income is \$51,827, multiplied by 110%, provides a Target Median Household Income of \$57,010. This calculation is better illustrated as follows:

2007-2011 American Community Survey 5-Year Estimates

U.S. Census Tracts Inclusive of HD Zone	2007-2011 Median Household Income
7305	\$50,097
7303	\$51,827
7301	\$66,754
Median Household Income	\$51,827
	X110%
Target Median Household Income	\$57,010

The City's Target Median Household Income is greater than the Department of Housing and Urban Development's 60% of its FY 2013 Median Family Income for the City of Worcester (\$45,891).

HD Certified Projects must target households with a household income of \$57,010 or higher.

1.10

Median Income Worcester City \$51,827 x 110 = 57,010

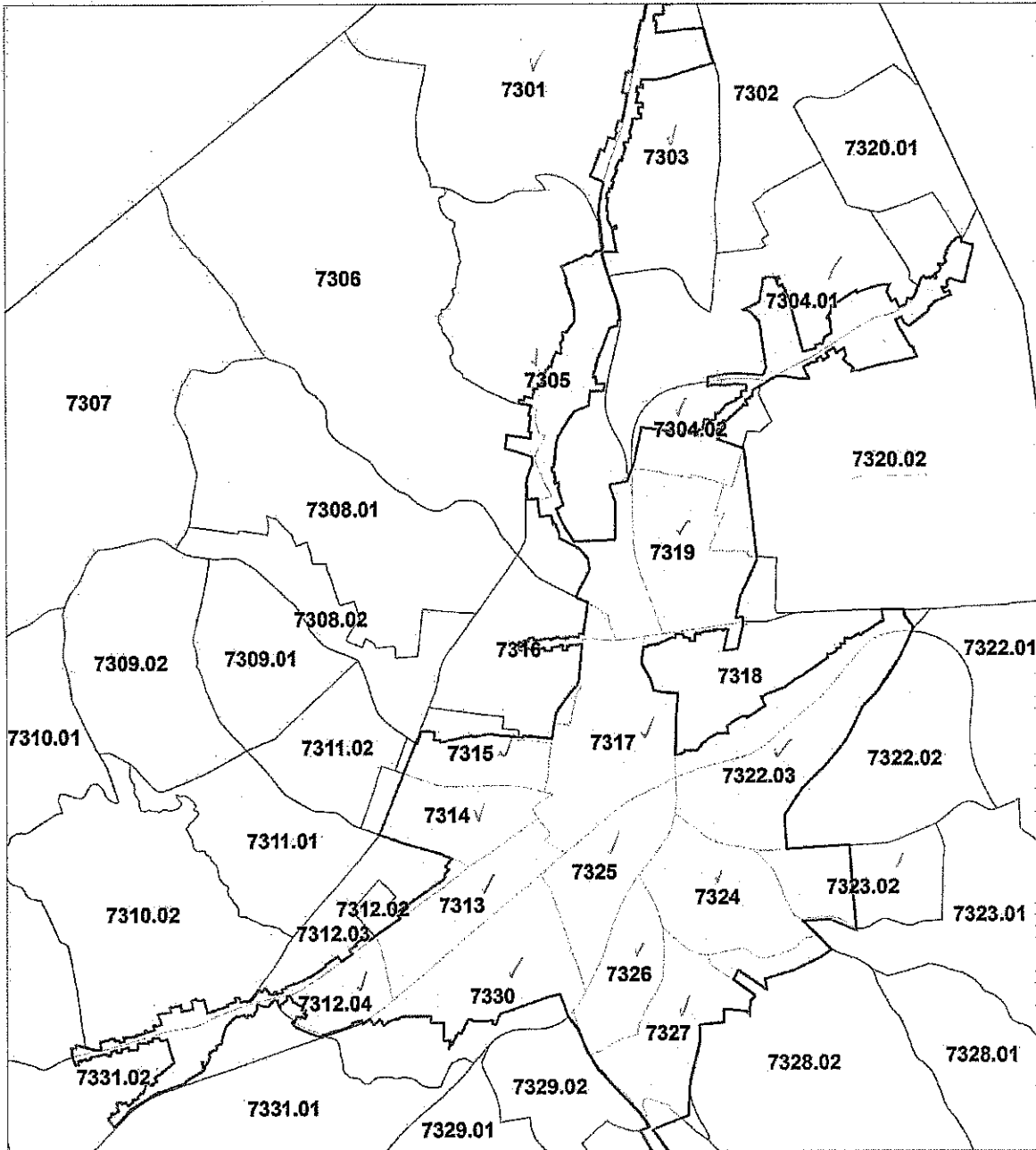
2013 HD 30% = 2 3p + F = 47,430

4p HH = 52,600

50,420



City of Worcester Housing Development Incentive Program Census Tracts



0 0.325 0.65 1.3 Miles

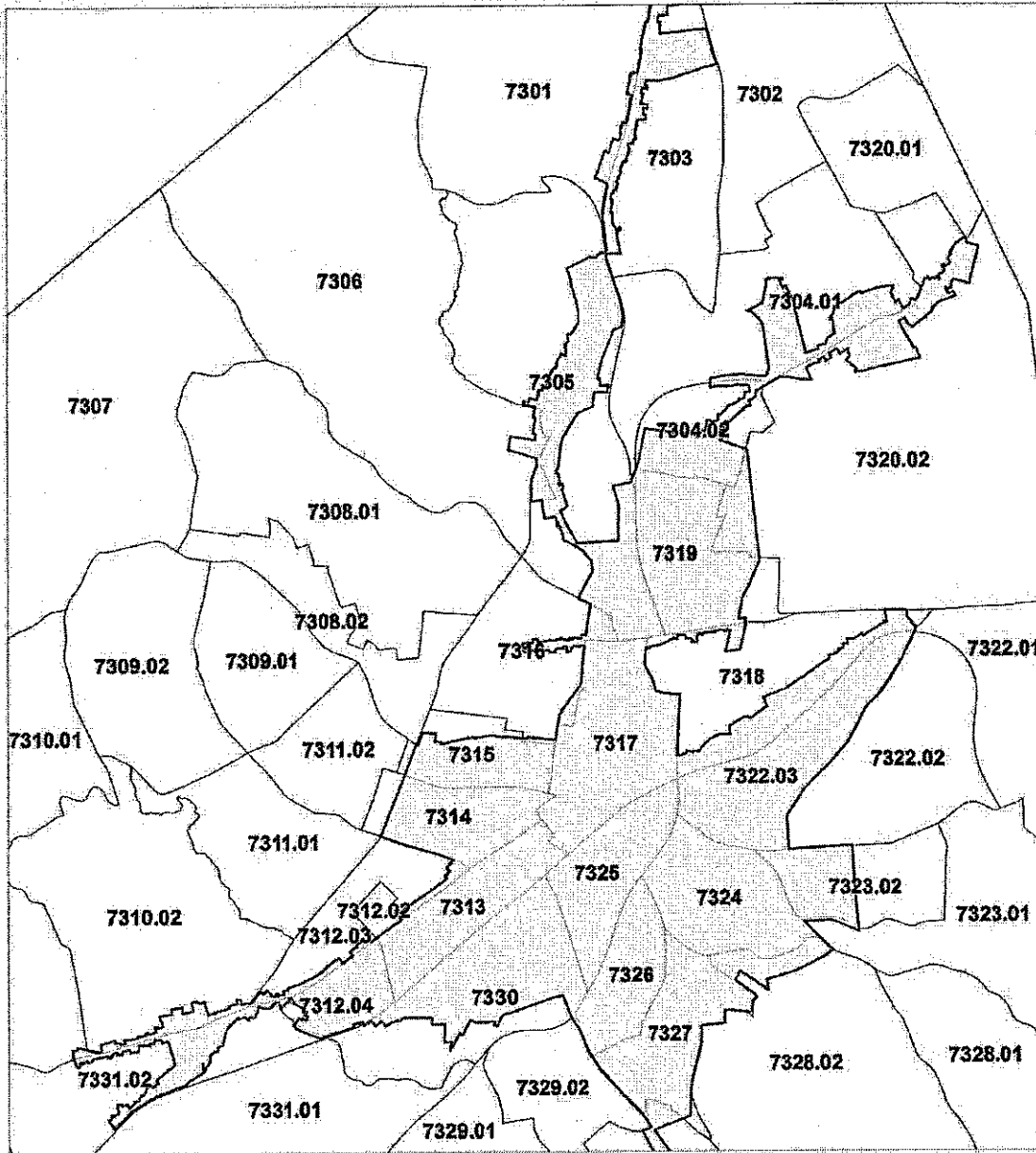
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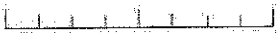
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All data: City of Worcester Geographic Information System
Original Data - Digitized at 1:250 scale (Data true resolution: 1 inch = 40 feet)
Updated Using Spring 2003 Aerial Photography at 1:1,200 scale (1 inch = 100 feet)
Further Updates Using City of Worcester Information

COORDINATE SYSTEM:
All map data is in the Massachusetts State Plane Coordinate system,
North American Datum of 1983, Massachusetts (Miltford Zone (4151)).
Units are measured in Feet.

1 Advanced Search 2 Table Viewer

Result 1 of 1

VIEW ALL AS PDF

B19013 MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)

Universes: Households
2007-2011 American Community Survey 5-Year Estimates

BACK TO ADVANCED SEARCH

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1 - 18 of 86 >

Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	Census Tract 7301, Worcester city, Worcester County, Massachusetts		Census Tract 7302, Worcester city, Worcester County, Massachusetts		Census Tract 7303, Worcester city, Worcester County, Massachusetts		Census Tract 7304.01, Worcester city, Worcester County, Massachusetts		Census Tract 7304.02, Worcester city, Worcester County, Massachusetts		Census Tract 7305, Worcester city, Worcester County, Massachusetts		Census Tract 7306, Worcester city, Worcester County, Massachusetts		Census Tract 7307, Worcester city, Worcester County, Massachusetts		Census Tract 7308.01, Worcester city, Worcester County, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
	66,754	+/-8,100	X 72,057	+/-6,477	51,827	+/-7,970	34,596	+/-5,844	53,558	+/-15,530	50,857	+/-7,550	80,000	+/-9,875	69,375	+/-8,966	89,844	+/-18,540

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

- An "X" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
- An "X" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
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- An "X" entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
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B19013

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)

Universe: Households
2007-2011 American Community Survey 5-Year Estimates

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<< 19 - 36 of 88 >>

	Census Tract 7308.02, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7309.01, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7309.02, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7310.01, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7310.02, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7311.01, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7311.02, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7312.02, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7312.03, Worcester city, Worcester city, Worcester County, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	63,341	+/-8,043	62,398	+/-10,102	69,531	+/-6,487	62,245	+/-9,157	43,984	+/-7,390	43,897	+/-4,287	56,051	+/-7,431	-	**	18,309	+/-6,845

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

- An *** entry in the margin of error column indicates that either no sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
- An - entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
- An U entry in the estimate column indicates that the median falls in the upper interval of an open-ended distribution.
- An + entry in the estimate column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution.
- An **** entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
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B19013

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<< 37 - 54 of 88 >>

	Census Tract 7312.04, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7313, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7314, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7315, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7316, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7317, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7318, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7319, Worcester city, Worcester city, Worcester County, Massachusetts		Census Tract 7320.01, Worcester city, Worcester city, Worcester County, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	19,821	+/-13,172	24,200	+/-8,460	19,194	+/-3,145	18,087	+/-4,621	31,090	+/-9,501	30,656	+/-7,863	21,429	+/-2,459	30,140	+/-5,228	18,779	+/-4,452

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

- An "..." entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
- An "L" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
- An "U" following a median estimate means the median falls in the lowest interval of an open-ended distribution.
- An "H" following a median estimate means the median falls in the upper interval of an open-ended distribution.
- An "..." entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
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1 Advanced Search 2 Table Viewer

Result 1 of 1

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B19013 MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)
 Universe: Households
 2007-2011 American Community Survey 5-Year Estimates

BACK TO ADVANCED SEARCH

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	Census Tract 7320.02, Worcester city, Worcester County, Massachusetts		Census Tract 7322.01, Worcester city, Worcester County, Massachusetts		Census Tract 7322.02, Worcester city, Worcester County, Massachusetts		Census Tract 7322.03, Worcester city, Worcester County, Massachusetts		Census Tract 7323.01, Worcester city, Worcester County, Massachusetts		Census Tract 7323.02, Worcester city, Worcester County, Massachusetts		Census Tract 7324, Worcester city, Worcester County, Massachusetts		Census Tract 7325, Worcester city, Worcester County, Massachusetts		Census Tract 7326, Worcester city, Worcester County, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	45,880	+/-9,771	45,500	+/-7,487	47,376	+/-5,442	55,938	+/-12,769	58,662	+/-8,032	50,845	+/-6,828	90,596	+/-4,751	32,292	+/-13,318	34,742	+/-8,023

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

- An "N" entry in the margin of error column indicates that either no sample observations were available to compute a standard error and thus the margin of error, or a ratio of medians cannot be calculated because one is not appropriate.
- An "U" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
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B19013 MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)
 Universe: Households
 2007-2011 American Community Survey 5-Year Estimates

BACK TO ADVANCED SEARCH

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45,71 - 88 of 88

	Census Tract 7326, Worcester city, Worcester County, Massachusetts		Census Tract 7327, Worcester city, Worcester County, Massachusetts		Census Tract 7328.01, Worcester city, Worcester County, Massachusetts		Census Tract 7328.02, Worcester city, Worcester County, Massachusetts		Census Tract 7329.01, Worcester city, Worcester County, Massachusetts		Census Tract 7329.02, Worcester city, Worcester County, Massachusetts		Census Tract 7330, Worcester city, Worcester County, Massachusetts		Census Tract 7331.01, Worcester city, Worcester County, Massachusetts		Census Tract 7331.02, Worcester city, Worcester County, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	34,742	+/-8,023	42,692	+/-11,123	65,305	+/-6,046	58,662	+/-5,736	47,117	+/-8,748	-	**	35,843	+/-2,979	62,865	+/-13,790	63,854	+/-11,878

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

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B19013

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)

Universe: Households

2007-2011 American Community Survey 5-Year Estimates

[BACK TO ADVANCED SEARCH](#)

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	Massachusetts		Worcester city, Massachusetts	
	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	65,981	+/-328	45,846	+/-1,264

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Explanation of Symbols:

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Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

The methodology for calculating median income and median earnings changed between 2008 and 2009. Medians over \$75,000 were most likely affected. The underlying income and earning distribution now uses \$2,500 increments up to \$250,000 for households, non-family households, families, and individuals and employs a linear interpolation method for median calculations. Before 2009 the highest income category was \$200,000 for households, families and non-family households (\$100,000 for individuals) and portions of the income and earnings distribution contained intervals wider than \$2,500. Those cases used a Pareto Interpolation Method.

While the 2007-2011 American Community Survey (ACS) data generally reflect the December 2009 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas, in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2000 data. Boundaries for urban areas have not been updated since Census 2000. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Source: U.S. Census Bureau | American FactFinder

B19013

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)
 Universe: Households
 2009-2011 American Community Survey 3-Year Estimates

[BACK TO ADVANCED SEARCH](#)

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		Worcester city, Massachusetts	
		Estimate	Margin of Error
1	Median household income in the past 12 months (in 2011 inflation-adjusted dollars)	45,062	+/-1,842

Source: U.S. Census Bureau, 2009-2011 American Community Survey

Explanation of Symbols:

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Source: U.S. Census Bureau | American FactFinder

Worcester AHI =

City of Worcester - HDIP
2007-2011 American Community Survey 5-Year Estimates

U.S Census Tracts Inclusive of HD Zone	2007-2011 Median Household Income
7315.00 ✓	\$18,087
7314.00 ✓	\$19,194
7312.04 ✓	\$19,321
7318.00	\$21,429
7313.00 ✓	\$24,200
7319.00 ✓	\$30,149
7324.00 ✓	\$30,596
7317.00 ✓	\$30,656
7316.00	\$31,090
7325.00 ✓	\$32,292
7304.01 ✓	\$34,596
7326.00 ✓	\$34,742
7330.00 ✓	\$35,843
7327.00 ✓	\$42,692
7305.00 ✓	\$50,097
7323.02 ✓	\$50,645
7304.02 ✓	\$53,558
7322.03 ✓	\$55,938
7331.02	\$63,854
7303.00 ✓	\$51,827
7301.00 ✓	\$66,754

7320.02
7306
7318
7316
7328.02
7312.02
7312.03
7310.02
7331.02

G.

Exhibit A - Evidence of Public Hearing

CITY OF WORCESTER
ECONOMIC DEVELOPMENT COMMITTEE

Monday, December 16, 2013
Esther Howland (South) Chamber
Convened: 5:40 P.M.
Adjourned: 7:24 P.M.

MAYOR

Joseph M. Petty

COMMITTEE MEMBERS

Chairperson Frederick C Rushton
Councilor Joseph C O'Brien
Councilor George J Russell



CLERK OF THE CITY COUNCIL
David J. Rushford

www.worcesterma.gov

City Hall - 455 Main Street Worcester, Massachusetts

Present Were: Chairperson Councilor Frederick C Rushton
Councilor Joseph C O'Brien
Councilor George J Russell

Also: City Manager Michael V. O'Brien
Director of Development Timothy McGourthy
Economic Development Staff Person Paul Morano
Economic Development Staff Person Heather Gould
Economic Development Staff Person Jackson Restrepo
Chief Financial Officer Thomas Zidelis
City Clerk David J. Rushford, clerk

1. Communications of the City Manager

- a. Recommend City Council Approval Regarding the CitySquare Downtown Development Project and the Gateway Park Project
10.4D CM November 26, 2013

Speakers:

1. John Rupeck, Worcester resident
2. Tom Darcy, no residence given
3. Donette Bennett, Worcester resident
4. Steve Manu, no residence given
5. Robert Thomas, Worcester resident
6. Frank Kartheiser, Worcester resident
7. James Donoghue, West Boylston resident
8. Dave Minasian, Worcester resident
9. Mark Waxler, Worcester resident
10. Stephen O'Neil, Worcester resident
11. Jack Donahue, Worcester resident
12. Sue Mailman, Northborough, resident
13. Alan Lavigne, no residence given
14. Timothy Murray, Worcester resident
15. Sandy Dunn, Holden resident
16. Christopher Collins, Sterling resident
17. Craig Blais, Sutton resident
18. Jo Hart, Worcester resident

Recommend Approval

- b. Recommend Adoption of a Resolution Relative to the Housing Development Incentive Program (HDIP).
10.4A CM November 26, 2013

Recommend Approval

CHAIRMAN'S ORDERS

1. Request City Manager provide the City Council with bi-monthly certified employment numbers for the CitySquare Downtown Development and Gateway Park Projects.
2. Request City Manager establish a CitySquare Job Training and Recruitment Fund and appoint a Board to monitor its operation with the first three years of operation to receive a \$100,000 deposit each year.

The City of Worcester Economic Development Committee is hosting a Public Hearing to take comments on the City's application for approval under the Housing Development Incentive Program (HDIP) per M.G.L. Chapter 40V. The hearing will take place at 5:30 PM at the Esther Howland Chamber on December 16th, 2013.
December 4 and December 11, 2013

PUBLIC HEARING DECEMBER 16, 2013

The City of Worcester Economic Development Committee is hosting a Public Hearing to take comments on the City's application for approval under the Housing Development Incentive Program (HDIP) per M.G.L. Chapter 40V. The hearing will take place at 5:30 PM at the Esther Howland Chamber on December 16th, 2013. December 4 and December 11, 2013

Appeared in: **Worcester Telegram & Gazette** on Wednesday, 12/04/2013

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<u>Ad Number</u> 0000124713-0	<u>Ad Type</u> 1Legal	<u>Ad Size</u> : 1.0 X 0.7500"	<u>Color</u> <NONE>	<u>Production Method</u> AdBooker	<u>Production Notes</u>
<u>External Ad Number</u>	<u>Ad Attributes</u>	<u>Ad Released</u> No	<u>Pick Up</u>	<u>Affidavits</u> 0	<u>Proofs</u> 0

<u>Product Information</u>	<u>Placement/Classification</u>	<u>Run Dates</u>	<u># Inserts</u>	<u>Cost</u>
<u>Run Schedule Invoice Text</u> 1WTG::Full Run	<u>Sort Text</u> 1Legal Notices - CLS	12/4/2013, 12/11/2013	2	\$9.38
1Legals P2W::Full Run	PUBLIC HEARING DECEMBER 16, 2013 1Legal Notices - CLS PUBLIC HEARING DECEMBER 16, 2013	12/4/2013, 12/5/2013, 12/6/2013, 12/7/2013, 12/8/2013, 12/9/2013, 12/10/2013, 12/11/2013, 12/12/2013, 12/13/2013, 12/14/2013, 12/15/2013, 12/16/2013, 12/17/2013, 12/18/2013, 12/19/2013, 12/20/2013, 12/21/2013, 12/22/2013, 12/23/2013, 12/24/2013, 12/25/2013	30	\$0.00

Exhibit B - Approval by Municipal Legislative Body

**A RESOLUTION TO FILE AN APPLICATION WITH THE COMMONWEALTH OF
MASSACHUSETTS DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR
THE HOUSING DEVELOPMENT INCENTIVE PROGRAM**

- WHEREAS:** In accordance with Massachusetts General Laws Chapter 40V – Housing Development Incentive Program (HDIP) and Massachusetts Regulations 760 CMR 66.00, the Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development (DHCD), may approve an HD Zone and HD Zone Plan for Gateway Cities seeking to utilize the HDIP program; and
- WHEREAS:** The City of Worcester has been designated as a Gateway City by the Commonwealth of Massachusetts; and
- WHEREAS:** The City of Worcester is applying for approval for an HD Zone and HD Zone Plan through the HDIP from DHCD in order to provide tax incentives to property owners or developers looking to substantially rehabilitate existing properties into multi-unit, market-rate housing for lease or sale; and
- WHEREAS:** The goal of the HDIP is to provide a development tool to Gateway Cities to increase residential growth, expand the diversity of the housing stock, support economic development, and promote neighborhood stabilization; and
- WHEREAS:** The approval from DHCD to utilize the HDIP would allow the City to promote and encourage the preservation and rehabilitation of historic buildings, support market-rate residential development opportunities, increase pedestrian activity, and generate new tax revenues.

NOW, THEREFORE, BE IT RESOLVED;

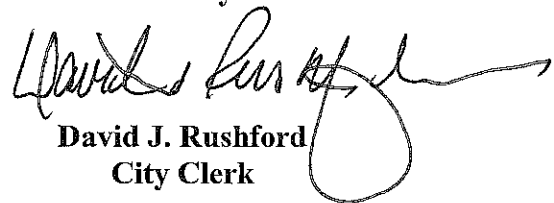
1. That the City Manager be and is hereby authorized to file an application with the Commonwealth of Massachusetts Department of Housing and Community Development.
2. That the City Manager be and is hereby authorized to file information as required by the Commonwealth of Massachusetts Department of Housing and Community Development.
3. That the City Manager be and is hereby authorized to accept approvals, execute contracts, and any amendments thereto, in order to carry out the terms, purposes, and conditions of the Commonwealth of Massachusetts Department of Housing and Community Development.
4. That the City Manager be and is hereby authorized to take such other actions as are necessary to carry out the terms, purposes, and conditions of the Commonwealth of Massachusetts Department of Housing and Community Development.
5. That this resolution shall take effect upon passage.

In City Council

December 17, 2013

Resolution adopted by a yea and nay vote of Ten Yeas and No Nays

A Copy. Attest:


David J. Rushford
City Clerk



Michael V. O'Brien
City Manager

CITY OF WORCESTER

cm2013nov21103217

Attachment for Item #

10.4 A

November 26, 2013

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I respectfully request City Council's consideration, deliberation and adoption of the attached resolution to file an application for the Housing Development Incentive Program (HDIP) with the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD), as received from Timothy J. McGourthy, Chief Development Officer, and forwarded for the consideration of your Honorable Body.

Respectfully submitted,

Michael V. O'Brien
City Manager



OFFICE OF THE CITY MANAGER, CITY HALL, WORCESTER, MA 01608

TELEPHONE (508) 799-1175 | FAX (508) 799-1208

EMAIL: citymanager@ci.worcester.ma.us





CITY OF WORCESTER, MASSACHUSETTS

Executive Office of Economic Development
Economic Development

Timothy J. McGourthy
Chief Development Officer

Heather K. Gould
Chief of Staff

To: Michael V. O'Brien, City Manager
From: Timothy J. McGourthy, Chief Development Officer
Date: November 26, 2013
Re: Communication Relative to the Designation of a Housing Development Incentive Program (HDIP) Zone and HD Zone Plan

In accordance with M.G.L. Chapter 40V (760 CMR 66), the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD) established the Housing Development Incentive Program (HDIP) to provide Gateway Cities with a development tool to increase residential growth, expand diversity of the housing stock, support economic development, and promote neighborhood stabilization within designated target areas. The HDIP provides two tax incentives to property owners or developers looking to undergo substantial rehabilitation of properties for lease or sale as multi-unit market rate housing. These include:

- A local-option real estate tax exemption on all or part of the increased property value, resulting from improvements.
 - Exemption percentage of not less than 10% and not more than 100% on incremental value of market rate units.
 - Tax increment exemption for a period of no less than 5 years and no more than 20 years.
- A state tax credit for Qualified Substantial Rehabilitation Expenditures awarded through a rolling application process.
 - Tax credit of up to 10% of qualified substantial rehabilitation costs of market rate units. Total annual program cap of \$5 million.



Eligible projects include substantial rehabilitation to an existing property, including commercial or mixed-use, that results in:

- Two or more units of market rate housing for sale or lease.
- Maximum of 50 market rate units per project.
- Minimum of 80% of units per project as market rate.

In order to participate in this program, the City must submit an application designating an HD Zone and HD Zone Plan to DHCD for approval. However, a number of steps have to occur prior to the submission of an application to DHCD. The City must hold a public hearing to take comments on both the proposed HD Zone and HD Zone Plan. I respectfully request that the City Council refer this item to the Economic Development Committee for a public hearing, where the public will have an opportunity to comment on the proposed HDIP application. Upon recommendation for approval by the Economic Development Committee, the City Council must approve the application prior to submission to DHCD. A copy of the application is attached.

The HD Zone, to be known as the Urban Density Residential District, is comprised of a number of designations the City has identified over the years as strategic revitalization areas. These areas include the Commercial Area Revitalization District (CARD), the Neighborhood Revitalization Strategy Areas (NRSAs), and the Quinsigamond Village Strategic Plan area. As you know, these areas have been targeted in various economic revitalization initiatives, master plans, and strategic plans. The Urban Density Residential District is an approximately 3,650-acre contiguous area. It is a large-scale effort that is concentrated foremost in the downtown and central business district, and expands into adjacent neighborhood business corridors. While past revitalization efforts in these strategic areas have focused on improving the local economy through façade and storefront improvements and microloan programs, the HDIP Program allows the City the tools needed to focus on promoting quality market-rate housing development.

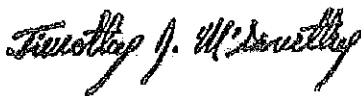
The HD Zone Plan focuses on achieving measurable objectives, including: decreasing the downtown vacancy rate; encouraging the preservation and rehabilitation of historic buildings; promoting mixed-use development; attracting ground-level retail space and upper-level residential space in underutilized buildings; increasing pedestrian activity and enhancing the surrounding streetscape; increasing housing opportunities for

residents with disposable income that are able to support the local economy; retaining a local talent pool by providing attractive housing opportunities to recent college graduates and young professionals; providing tax incentives to developers to make these projects become economically feasible; and generating new tax revenues. To achieve these objectives, the City will combine existing development tools, incentives, and revitalization efforts already in place or underway. Coupled with the new HDIP, the City will enhance its existing development -friendly environment, accelerate growth, and stimulate investment.

As you know, it is crucial to stay competitive in an ever-changing economic climate where the City finds itself competing for jobs and businesses with other local, regional, national, and global markets. With fewer resources and the same set of tools as other neighboring towns, it is often difficult for Gateway Cities to compete as the gap between development costs and potential revenues is far wider in Gateway Cities than in other surrounding towns whose respective markets generally produce higher revenues. The HDIP will provide Worcester with a needed competitive advantage to make projects more economically feasible and thus help close this critical gap.

The City Council has been steadfast in its vision and support for development incentives that help expand housing alternatives, increase residential growth, promote economic development, and help stabilize neighborhoods. The HDIP represents yet another critical tool in the arsenal of development incentives to make market rate residential redevelopment projects more economically feasible for property owners and developers.

Sincerely,



Timothy J. McGourthy
Chief Development Officer

B19001

HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2011 INFLATION-ADJUSTED DOLLARS)
 Universe: Households
 2009-2011 American Community Survey 3-Year Estimates

BACK TO ADVANCED SEARCH

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

		Worcester city, Massachusetts	
		Estimate	Margin of Error
1	Total:	69,815	+/-1,357
17	Less than \$10,000	7,085	+/-738
17	\$10,000 to \$14,999	5,461	+/-790
	\$15,000 to \$19,999	4,869	+/-779
	\$20,000 to \$24,999	3,899	+/-594
	\$25,000 to \$29,999	3,365	+/-512
	\$30,000 to \$34,999	3,140	+/-535
	\$35,000 to \$39,999	3,400	+/-516
	\$40,000 to \$44,999	3,654	+/-591
	\$45,000 to \$49,999	2,822	+/-525
	\$50,000 to \$59,999	5,169	+/-685
	\$60,000 to \$74,999	7,419	+/-771
	\$75,000 to \$99,999	7,805	+/-688
	\$100,000 to \$124,999	4,562	+/-507
	\$125,000 to \$149,999	2,976	+/-522
	\$150,000 to \$199,999	2,385	+/-500
	\$200,000 or more	1,784	+/-344

Source: U.S. Census Bureau, 2009-2011 American Community Survey

Explanation of Symbols:

An '***' entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.

An '!' entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.

An 'L' following a median estimate means the median falls in the lowest interval of an open-ended distribution.

An 'U' following a median estimate means the median falls in the upper interval of an open-ended distribution.

An '****' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

An '*****' entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.

An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.

An '(X)' means that the estimate is not applicable or not available.

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

While the 2009-2011 American Community Survey (ACS) data generally reflect the December 2009 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas, in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2000 data. Boundaries for urban areas have not been updated since Census 2000. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Source: U.S. Census Bureau | American FactFinder

HOUSING DEVELOPMENT INCENTIVE PROGRAM HD-ZONE AND HD-ZONE PLAN REVIEW

Date of Review: January 7, 2014

Name of Reviewer: Miryam Bobadilla

DHCD-HD Zone Application Review:

Cover:

- Name of City: **Pittsfield**
- City Contact Person(s) for HD Zone and HD Zone Plan
 - Name & Title: **Jackson Restrepo**
 - Address: **455 Main Street – City Hall Room 405, Worcester, MA 01608**
 - Telephone Number: **508-799-1400 x 262** e-mail: **restrepoj@worcesterma.gov**
- City Board/Person authorized to execute HD TIE Agreements
 - Name & Title:
 - Address:
 - Telephone Number: e-mail:

Local Approval:

- Public Hearing Process
 - Date: **December 16, 2013**
 - Time: **5:40 PM**
 - Location: **Esther Howland (South) Chamber , City Hall, Worcester, Ma**
- Hearing officer: _____
- Evidence of Public Hearing
 - Public Hearing notices: **Yes, Telegram & Gazette**
 - Minutes of Public Hearing: _____
 - Attendance list: **Yes**
- Approval of Legislative Body
 - Certified copy of municipal vote/approval: **CC Resolution 12/17/13 adopted unanimously**
 - Concurrence with CEO: **City Manager requested resolution to submit HD Zone and Plan**
 - Authorization to implement HD-TIEs: _____

Executive Summary:

Describe neighborhood planning and civic engagement process leading to HD-Zone designation, including:

- Name of proposed HD-Zone: **Urban Density Residential District Zone**
- General Location: **3,650 acre contiguous area including downtown and central business district and expands into adjacent neighborhood business corridor**
- Objectives of HD-zone Plan: **Decrease downtown vacancy rate, encourage preservation and rehabilitation of historic buildings, promoting mixed use development, increasing pedestrian activities increasing housing opportunities , provide incentives to developers and generate new tax revenue among others.**
- Explanation of the need for multi-unit market rate housing: **Existence of vacant, obsolete, underutilized, and dilapidated structures combined with \$2 billion of complete, underway or planned development and expansion of major institutions increases the need and demand for market-rate housing.**
- Current redevelopment activities: **City Square \$565M, Gateway Park \$40M, South Worcester Industrial Park \$6M, Canal Lofts \$24M, Telegram & Gazette \$15M, Blackstone Gateway Park and Visitor Center .**
- Proposed redevelopment activities
 - Public: **WRTA Bus Hub at Union Station,**
 - Private: **Local developer has expressed interest but no specific projects.**
- Type and location of Proposed HD-Project(s), including other market rate housing in the HD-Zone:

HD-Zone

- Name of Proposed HD-Zone: Urban Density Residential District Zone
- Written designation of HD-Zone: **Yes**
- Rationale for defining boundaries of HD-Zone: Yes
- Provide independent and verifiable documentation demonstrating the need for multi-unit market rate housing (Census data, demographic data, economic development study, housing study): **Yes, studies by: RKG Associates, Inc.; 12 Community Development Consulting, Inc.; Raquel Kennedy Consulting, LLC.**
- Rationale for location of the HD Zone to achieve objectives of the plan, including development of market rate housing: **Yes, abundance of multi-story building in desperate need of restoration.**
- Submit MAPS depicting existing conditions in the proposed HD Zone (GIS quality)(Hard Copies)
 - Boundaries of HD Zone and other distinct features
 - Locus within Municipality
 - Existing property lines and footprints of buildings
 - Existing zoning of each parcel
 - Existing land use of each parcel

HD Zone Plan

- Objectives of the HD Zone Plan:
 - Describe how implementation of plan will meet the goal of HDIP:
 - Increase residential growth –objectives, milestones and timeline
 - Expand diversity of housing stock
 - Support economic development
 - Promote neighborhood stabilization
- The HD Plan will build on prior plans and initiatives to leverage them with HDIP to solidify a more development friendly environment. Strategies will include inventory analyses of vacant/underutilized, dilapidated or blighted properties as primary development opportunities as well as implementation strategies such as permitting, financing, etc.
- Detailed description of the construction, reconstruction, rehabilitation and related activities, public and private, proposed for the HD Zone Plan and entity that will undertake described development activities, if known:
 - City Square residential and commercial phase - 350 market rate apartments and 15,000 sq. ft. retail with a cost of 60M by Vanguard. Next phase will include \$38 M 150 million hotel.
 - DCU Arena & Convention Center Complex \$23 M renovation
 - Gateway Park Market –based brownfield redevelopment \$40M by Worcester Polytechnic Institute
 - South Worcester Industrial Park \$6 M by City of Worcester
 - 371-379 Main Street renovation 30 units \$3-4M SJ Realty, LLC
 - 18-20 Franklin Street – Telegram & Gazette - \$15M mixed used facility by Worcester Business Development Corp.
 - Blackstone Gateway Park and Visitor Center
- Enclosed Map of proposed development activities in HD Zone (GIS quality):
 - Location of proposed development activities
 - Public: Yes
 - Private: Yes
 - Potential HD-Projects: n/a
 - Proposed changes to property lines and footprints of existing buildings:
 - Proposed uses of each parcel:
 - Proposed zoning changes related to proposed use: **n/a**
 - Identification of all existing and proposed HD Zones in the City: **n/a**
- Tabular Analysis comparing existing to proposed zoning requirements: **n/a**
- A Statement of eligibility for all HD Projects identified in HD-Zone Plan: No project identified
- Timeline for implementation of the HD Zone Plan
 - Public: First 5 years: **DCU, WRTA, Blackstone Gateway Park & Visitor Center**

- Private: First 5 years: **City Square Garage, residential and hotel, student housing**
- A Statement identifying duration of the HD-Zone Plan: **20 years - Property Tax Exemption Schedule**
- Statement describing how Affirmative Fair Housing Requirements for the HD-Zone will be met: **City requires Certified Projects to provide Form HUD-935-2A Affirmative Fair Housing Marketing Plan**
- HD-Zone consistency with local and regional plans, initiatives, etc.: **HD Plan combines existing planning efforts to achieve the goals and objectives of the HD Zone**

Pricing of Market Rate Residential Units:

- Proposed HDIP Pricing area:
- Target Median Household Income:
- Target Median Household Income (>60% of HUD median household income for Section 8 is \$41,880):
- The HDIP AMI used by the City to calculate the Target Median Household Income for pricing market rate housing units in HD-Projects is appropriate:
- Additional Comments: .

Criteria for DHCD approval of Application for HD-Zone Designation

- Application is complete:
- There is a documented need for multi-family market rate housing in the proposed HD-Zone:
- The proposed HD-Zone is appropriately located to support the objectives of the HD-Zone Plan:
- Implementation of the proposed HD-Zone Plan will meet the goals of HDIP
 - Increasing residential growth:
 - Expand diversity of housing stock:
 - Support economic development:
 - Promote neighborhood stabilization in the proposed HD-Zone:
 - Additional Comments:

HD Tax Increment Exemption:

- HD-TIE has been executed by the Sponsor and City:
- DHCD has Certified the HD-Project:
- DHCD has approved HD-TIE Agreement:
- Notice of HD-TIE agreement Certification is recorded with appropriate registry of deeds or land court

DHCD Decision:

DHCD has requested the following additional information:
Application does not meet the requirements of the HDIP
DHCD approves the proposed HD Zone Designation and HD-Zone Plan
DHCD approves the HD-TIE Agreement

CITY OF WORCESTER
ECONOMIC DEVELOPMENT COMMITTEE

Monday, December 16, 2013
Esther Howland (South) Chamber
Convened: 5:40 P.M.
Adjourned: 7:24 P.M.

MAYOR
Joseph M. Petty

COMMITTEE MEMBERS
Chairperson Frederick C Rushton
Councilor Joseph C O'Brien
Councilor George J Russell



CLERK OF THE CITY COUNCIL
David J. Rushford

www.worcesterma.gov

City Hall - 455 Main Street Worcester, Massachusetts

Present Were: Chairperson Councilor Frederick C Rushton
Councilor Joseph C O'Brien
Councilor George J Russell

Also: City Manager Michael V. O'Brien
Director of Development Timothy McGourthy
Economic Development Staff Person Paul Morano
Economic Development Staff Person Heather Gould
Economic Development Staff Person Jackson Restrepo
Chief Financial Officer Thomas Zidelis
City Clerk David J. Rushford, clerk

1. Communications of the City Manager

- a. Recommend City Council Approval Regarding the CitySquare Downtown Development Project and the Gateway Park Project
10.4D CM November 26, 2013

Speakers:

1. John Rupeck, Worcester resident
2. Tom Darcy, no residence given
3. Donette Bennett, Worcester resident
4. Steve Manu, no residence given
5. Robert Thomas, Worcester resident
6. Frank Kartheiser, Worcester resident
7. James Donoghue, West Boylston resident
8. Dave Minasian, Worcester resident
9. Mark Waxler, Worcester resident
10. Stephen O'Neil, Worcester resident
11. Jack Donahue, Worcester resident
12. Sue Mailman, Northborough, resident
13. Alan Lavigne, no residence given
14. Timothy Murray, Worcester resident
15. Sandy Dunn, Holden resident
16. Christopher Collins, Sterling resident
17. Craig Blais, Sutton resident
18. Jo Hart, Worcester resident

Recommend Approval

- b. Recommend Adoption of a Resolution Relative to the Housing Development Incentive Program (HDIP).
10.4A CM November 26, 2013

Recommend Approval

CHAIRMAN'S ORDERS

1. Request City Manager provide the City Council with bi-monthly certified employment numbers for the CitySquare Downtown Development and Gateway Park Projects.
2. Request City Manager establish a CitySquare Job Training and Recruitment Fund and appoint a Board to monitor its operation with the first three years of operation to receive a \$100,000 deposit each year.