



CITY OF SOMERVILLE, MASSACHUSETTS
OFFICE OF STRATEGIC PLANNING & COMMUNITY DEVELOPMENT
MAYOR JAKE WILSON

THOMAS F. GALLIGANI
EXECUTIVE DIRECTOR

RACHEL NADKARNI
DIRECTOR, ECONOMIC DEVELOPMENT

Date: May 7, 2026
To: Honorable City Council
From: Rachel Nadkarni, Director of Economic Development
RE: Assembly Square and East Somerville Urban Center Housing Tax Increment Financing (UCH-TIF) Zone, Plan, and Form of Agreement

Dear Members of the City Council,

Urban Center Housing – Tax Increment Financing, or UCH-TIF, is a tool authorized by the Commonwealth of Massachusetts for municipalities to support housing production in primarily commercial areas of their communities.

The Economic Development Division presented background on this tool at the March 10, 2026 meeting of the Finance Committee (Item #26-0201). Staff have now completed drafting of an UCH-TIF Zone, Plan, and Form of Agreement for an area encompassing portions of Assembly Square and East Somerville where there is potential to add mixed use development with substantial housing production on a number of vacant and undeveloped lots. This draft was completed with the input of the Finance Committee and stakeholders in these neighborhoods.

This request is for approval of UCH-TIF as a tool for this area; there are no project-specific TIF agreements at this time.

Background Information

UCH-TIF is a tool to fill the gap in financing for projects that produce significant housing and particularly affordable housing in commercial areas. This tool is administered by the Massachusetts Executive Office of Housing and Livable Communities (EOHLC) and allows communities to contribute local financial support in the form of an exemption on the real estate taxes that would be generated from the increase in value on the property between its current state and its post-development state (the increment).

UCH-TIF can only be used in commercial areas on projects that are primarily residential in use. Projects using UCH-TIF must meet a minimum affordability threshold set by EOHLC. To use the tool, a municipality must get EOHLC approval of an UCH-TIF Zone, Plan, Form of Agreement, and any future negotiated agreements for particular projects.





Assembly Square & East Somerville UCH-TIF Zone and Plan

The proposed Assembly Square & East Somerville Zone encompasses portions of the two neighborhoods. The UCH-TIF Plan describes the intention to target vacant and undeveloped properties in the Zone and incentivize the development of housing. No specific development project is being included in the documents, though the City has spoken with multiple project teams that have approved projects about the potential for UCH-TIF as a tool to launch housing production.

The UCH-TIF Zone and Plan describe the properties included in detail and includes appendices containing both a form of affordable housing restriction and a form of agreement that would be used.

Process for Approval

UCH-TIF is a state regulated program and no UCH-TIF Zone/Plan, or specific UCH-TIF Agreement with a project can proceed without first receiving both municipal and state approvals.

The steps involved in approving an UCH-TIF Zone/Plan are specified by EOHLC and include the following:

1. Massachusetts Executive Office of Housing and Livable Communities (EOHLC) pre-reviews
 - a. EOHLC staff preview the UCH-TIF Application in order to check for completeness and compliance with the program requirements (*this is complete*)
2. City Council Approvals
 - a. A public hearing must be held during the approval process, with 2 public notices published within each of two successive weeks
 - b. After the public hearing, the City Council must approve:
 - i. A designated UCH-TIF Zone, setting the limits on where UCH-TIF is applicable
 - ii. An UCH-TIF Plan, describing the area and the goals for its redevelopment
 - iii. Form of agreement, that will be used for negotiated agreements
3. EOHLC reviews and approves all of the items listed above as a final step

Subsequent to having an approved UCH-TIF Zone, Plan, and Form of Agreement, City staff would negotiate with prospective projects seeking an UCH-TIF Agreement. **All UCH-TIF Agreements for projects must be brought to the City Council and the EOHLC for approval.**

This memo and the attached materials are shared with the City Council and public at this time so that they can be available for the first possible public hearing in accordance with EOHLC standards. Staff encourage the City Council and members of the public to submit questions as they arise so that staff can provide more detailed answers during the public hearing

Thank you,

Rachel Nadkarni
Director, Economic Development