

BUSINESS, NEWS

# LYNN CITY COUNCIL APPROVES \$2.5 MILLION TAX BREAK FOR MUNROE STREET DEVELOPMENT TEAM

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BY GAYLA CAWLEY | July 10, 2018

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*An artist rendering of a 10-story luxury apartment building to be built on Munroe Street in the downtown. (Rendering courtesy of DMS Design)*

LYNN — In front of a roomful of protesters on Tuesday night, the City Council approved a \$2.5 million tax break over a seven-year period for a development team that plans to transform the downtown site of a community garden on Munroe Street into a 10-story mixed-use building with market-rate housing and commercial space.

By a 7-4 vote, the City Council approved a Tax Increment Exemption Agreement under the Housing Development Incentive Program (HDIP), from 2020 to 2027, where Procopio Enterprises Inc., the developers, would save more than \$2.5 million in property taxes.

Over that same time period, the project is expected to produce \$5 million in new tax revenue. City officials said the property currently brings in \$3,000 in annual taxes.

Under the tax incentive plan negotiated with the developers by Mayor Thomas M. McGee, the commercial portion of the project would be taxed fully from the beginning, while the residential portion would be taxed starting at a rate of 15 percent of assessed value in fiscal year 2020 and increasing yearly until it reaches 100 percent in FY27. The projected annual tax revenue starting in FY27 is \$1.35 million.

Procopio Enterprises Inc., a family-owned construction company in Saugus, has agreed to purchase the former parking lot on Munroe Street that has been used as a community garden for more than a decade.

The \$80-90 million project will feature 261 market-rate residential units with 20,000 square feet of commercial space on the ground floor, according to James Cowdell, executive director of Economic Development & Industrial Corporation of Lynn (EDIC/Lynn).

“Tonight was a historic vote for the city of Lynn,” Cowdell said. “This is a \$80-90 million project. When is the last time Lynn had a \$90 million investment? I’m old and it predates me. So, this really is a historical investment in the city of Lynn ... It really is a legacy type of project. It’s that significant. It will definitely impact economic development going forward and it brings a lot of people into the downtown.”

The development would feature apartments priced in the mid \$2,000s per month, an underground garage, a 6,000-square-foot deck with ocean and Boston skyline views, and 20,000 square feet of retail and restaurant space on the first floor on Oxford and Munroe streets.

Cowdell said the groundwork was laid for Tuesday night’s vote 15 years ago, when the City Council took a vote to set a vision for the downtown. He said the city had a bunch of industrial buildings and those in opposition at that meeting said people would never move into downtown Lynn. Fifteen years later, he said there’s been 350 people who moved into the downtown, which they now call home.

To plan for that vision, in lieu of the lack of a planning department, the city enlisted the services of RKG Associates, which told city officials that if they want substantial economic development in the downtown, they would need to put market-rate housing there.

Voting against the tax incentive were City Councilors Peter Capano, Brian LaPierre, Hong Net, and Jay Walsh.

Capano and Walsh said the process was rushed and they didn't have enough time to consider the plan before the vote.

"I like the overall project," said LaPierre. "I just couldn't bring myself to offer an incentive of that magnitude in the city's difficult financial times. That large amount of a TIF was just too much, too soon."

Speaking in favor of the project was Ward 5 City Councilor Dianna Chakoutis, who represents the ward where the development would be. She said the \$5 million produced in taxes for the city over the next seven years will help pay for teachers, the fire and police departments and street repairs for the city.

"This project, I think, is an investment, nearly \$90 million into our downtown area," Chakoutis said. "It's the largest investment the city's probably had in 50 years ... I think it's a great idea for the downtown area."

Lynn United for Change, a volunteer-based community organization, submitted a petition to the council opposing the project. The petition takes issue with the lack of affordable housing in the 100 percent market-rate project. Packing the City Council chambers was a large group of sign-carrying protesters.

"We call on the City Council to say 'no' to tax breaks for projects like the one on Munroe Street that create segregated luxury housing with no apartments affordable to lower income, working class residents of the surrounding area," reads the petition.

"Our city is facing a housing affordability crisis right now. We need innovative solutions that will help us deal with that problem, create permanently affordable housing, bring in living wage jobs and make development truly equitable."

The Housing Development Incentive Program, authorized by the state, provides Gateway Cities with a tool to develop market-rate housing while increasing residential growth, expanding diversity of housing stock, supporting economic development, and promoting neighborhood stabilization in designated areas.

Procopio has an agreement to purchase the 30,000 square-foot parcel for an undisclosed price. Assessed at \$216,700, the parcel is owned by Munroe Partners LLC, operated by Gordon Hall, president of the Hall Co., and a *Daily Item* director. Munroe Partners purchased the lot in 2010 for \$650,000.

A groundbreaking on the development is scheduled for either late 2018 or early 2019.

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Gayla Cawley

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