



MACDC FY 2017 Budget Priorities

1. Fund the Small Business Technical Assistance Program (Line Item 7002 -0040) at \$2.5 million.

The Small Business Technical Assistance Program has been achieving excellent results since the legislature created the program in 2006. In FY 2015, the program achieved a tremendous return on investment by helping 1,486 business clients (40% more than prior year) achieve the following outcomes:

- 287 new businesses were created;
- 453 businesses saw an increase in sales and/or employment;
- 348 businesses were stabilized;
- 701 new jobs were created and 1,473 jobs were preserved;
- 87% of business clients were from an underserved target demographic (women, minorities, immigrants, low/moderate-income community, low/moderate-income business owner, unemployed, or a veteran);
- 331 businesses received financing for a total of \$32.5 million; a leverage ratio of \$16.25 per \$1 of state funding and a 98% increase over FY 2014.

The program achieves these extraordinary results by using a highly competitive process to select the *highest performing* organizations, all of whom are using the state funds to leverage other resources from local, federal and private sources.

2. Increase funding for Foreclosure Prevention Counseling (Line Item 7006-0011) to \$3,650,000

Despite the stronger economy and housing markets, thousands of homeowners across the state continue to be at risk of foreclosure and counseling agencies are struggling to serve their clients with diminishing resources. Thousands of other families are hoping to buy their first home and need high quality homebuyer education so they buy a home with a mortgage they can afford. The Legislature established a program in 2007 that provides dedicated funding to the MA Division of Banks so it can provide grants to qualified nonprofit organizations that provide these services. The program permits the Division to collect fees from licensed mortgage originators, retain up to \$5 million of these fees, and use up to \$2 million of the retained revenue to make grants for foreclosure prevention counseling and homebuyer education. Earlier this year, through the State budget, the Legislature authorized the Division to retain only \$2.35 million from these fees, and the Division in 2015 made \$1.3 million available in grants. We request that the Legislature authorize the MA Division of Banks to retain revenue of \$3.65 million from licensing fees and allocate \$2 million for the grant program so these counseling agencies can help homeowners stay in their homes, protect neighborhoods from the negative impacts of foreclosure, and help today's aspiring homebuyers to become tomorrow's successful homeowners.

3. Fund the Brownfields Redevelopment Fund (Line Item 7007-0210) at \$2.5 million

Since 1998, the Fund Has Catalyzed Redevelopment Statewide

- Since its establishment in 1998, more than \$82 million has been made available through 646 individual awards for assessment or remediation of brownfields sites.
- Brownfields sites are located across the Commonwealth: 20% of awards were made in the West, 14% in the Central, 23% in the Northeast, 13% in the Southeast, and 29% in Greater Boston.
- Over the past six years, the Fund supported the creation of over 4,000 housing units (2/3 of which are affordable) and over 2,600 jobs are expected to be created by borrowers.
- Most sites are in critical locations near transit and other infrastructure. Redeveloping them serves to: 1) Advance the state's desire to promote smart, sustainable development patterns, 2) Revitalize distressed markets, and 3) Reduce toxic hazards in our communities.

The Governor included \$2.5 million for Brownfields Redevelopment Fund in his Capital Budget so this would bring it to \$5 million.

4. Establish a Donation Tax Credit (DTC) to promote the creation or preservation of affordable housing.

Massachusetts needs thousands more affordable housing units to meet the needs of its current residents. And thousands of our existing affordable housing units are at risk of losing their affordability, either to market conversion or to physical deterioration. We could stretch the state's limited Low Income Housing Tax Credit dollars by leveraging the federal charitable deduction on qualifying transactions. The DTC would provide a credit against Massachusetts income tax liability for property owners who donate existing housing properties – or other structures for conversion to housing - to qualified nonprofits who commit to long-term affordability. The DTC, in combination with the federal charitable deduction, can make donation economically competitive with a cash sale, from owner's perspective. It has no net budget cost and will allow the existing State Low Income Housing Tax Credit pool to support more housing units

5. Fund the Mass. Food Trust (Line Item 7007-0300) at \$500,000

Too many Massachusetts communities have poor access to healthy food and lack strong local job opportunities. A study by the Massachusetts Grocery Access Task Force found that large swaths of Massachusetts lack good access to grocery stores and other healthy food retailers. Many of these same communities are struggling economically and lack job opportunities for local residents. The Massachusetts Food Trust Program, established in law in 2014, would provide loans, grants, and technical assistance to support new and expanded healthy food retailers and local food enterprises in low and moderate income communities. This could include supermarkets, corner stores, farmer's markets, mobile markets, community kitchens, food co-ops, food truck commissaries, indoor and outdoor greenhouses, and food distribution hubs. Public financing has leveraged significant private investment. Other states, including NY and PA, have leveraged between \$9-15 dollars in private and federal funds for every \$1 of state funding.