



Testimony in Support of An Act Enhancing Opportunities for All (H.4297)

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to the
Joint Committee on Economic Development
and Emerging Technologies

March 27, 2018

Chairman Wagner, Chairman Lesser and distinguished members of the Committee, on behalf of our member organizations, I am testifying in support of H.4297, An Act Enhancing Opportunities for All, the Baker-Polito Administration's economic development proposal. MACDC commends Secretary Jay Ash and his staff at the Executive Office of Housing and Economic Development (EOHED) for preparing the underlying economic development plan in conjunction with this proposed legislation, and we appreciate the ongoing outreach by EOHED staff to solicit our views as an association representing more than 85 mission-driven community development organizations dedicated to creating places of opportunity across our Commonwealth.

MACDC and its members are particularly pleased that the legislation provides over \$610 million in capital authorizations, including \$300 million in capital reauthorization for the MassWorks infrastructure program. The bill proposes giving local housing authorities more flexibility to enter redevelopment partnerships and to address deferred capital needs. The bill also clarifies how Community Preservation Act funds can be used for housing purposes and provides \$1.25 million to enable community development financial institutions (CDFI) to leverage additional federal funding to support lending for small community-based businesses in low- and moderate-income communities.

In the last few year, CDCs have worked with the Administration to promote community-based entrepreneurship and access to capital for small businesses, encourage the adoption of policies that support the production of more housing across a range of income levels, and preserve our Commonwealth's existing affordable housing stock.

In fact, there is a key area where we think the Committee could make this legislative proposal stronger, and we recommend that you increase to \$10 million new capital funding for the Massachusetts Growth Capital Corporation (MGCC) to support a matching grant program for Community Development Financial Institutions (CDFIs), and to establish a sustained source of funding to support small business lending across the Commonwealth.

We were pleased that the Legislature authorized \$1 million for these efforts in 2016 and the Administration has proposed \$1.25 million in this bill. However, we believe that this level of funding is insufficient to meet the current demand, and this legislation provides an opportunity for the Commonwealth to do more to achieve great impact over the next few years.

Massachusetts is fortunate to have several highly effective, federally certified CDFIs that provide loans to micro and small businesses that are not yet bankable. These organizations include SEED Corporation in Taunton, Common Capital in Holyoke, Dorchester Bay in Boston, Mill Cities Community Investments in Lowell, and many others. These organizations are highly effective at leveraging private and federal dollars to help small businesses across the state.

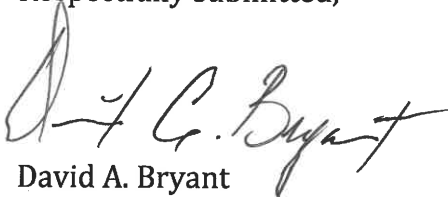
This funding will enable MGCC to provide matching grants to CDFIs, so they can leverage more federal and private funding. For example, the national CDFI program requires a one-for-one dollar match, and the SBA Micro Loan Program requires a 15% local match. These matching requirements can be difficult for many organizations to secure, and the lack of matching funds reduces how much federal money CDFIs can obtain. A robust CDFI Matching Grant program will leverage additional federal resources and help hundreds of small businesses and entrepreneurs across the state.

Economic challenges loom large for many families and businesses in every corner of the state. MACDC members work to help prepare families and small businesses to meet these trials where they are. The CDFI lending program is helping families and businesses to succeed; a relatively modest investment that yields remarkable returns.

We believe dedicated funding proposed for this program is an important equitable investment in the Commonwealth's citizens and communities that is consistent with other efforts by the Baker-Polito Administration.

Additional resources for CDFI lending will complement equitable economic development across the Commonwealth, and we are committed to working with your Committee, the Legislature, and the Baker Administration, to realize these shared goals and to work collaboratively to narrow this opportunity divide.

Respectfully submitted,



David A. Bryant