

# Transformative Investments for a More Equitable Future



## MACDC Proposals for Deploying One-Time Federal Funding

### CONTEXT

Massachusetts has a special opportunity in 2022 to use one-time Federal Funds from the American Rescue Plan Act (ARPA) and potentially surplus state revenues to make a series of transformative investments that will make the Commonwealth a more equitable place where everyone has a fair opportunity to thrive. MACDC is supporting investments in three areas – Economic Development, Affordable Housing and Clean Energy.

#### Investing in Economic Opportunity for All

**Small Business Relief and Recovery Fund (\$300 million)** – For two years, our small business community has demonstrated courage, commitment and extraordinary optimism as entrepreneurs have fought to survive the COVID-19 pandemic and the resulting economic disruption. This has been particularly true for under-resourced smaller businesses owned by people of color, immigrants, women, and lower income entrepreneurs who have smaller financial reserves and less access to the resources, connections, customers and technology needed to survive and rebound from this crisis. Today, the crisis in our small business community continues, as does the opportunity for transformative investments that can close disparities and expand opportunity. This Fund would (1) provide grants and technical assistance to BIPOC and other under resourced businesses and (2) provide investment capital for non-profit financing institutions to fill financing gaps for these small businesses. Together, these investments will ensure a strong, culturally competent small business eco-system that can drive transformational change in our small business economy.

#### Brownfields Redevelopment Fund (\$30 million) –

This program was created in 1998 and has financed 765 Brownfield Remediation projects across the Commonwealth. Cleaning contaminated land is critical to drive housing and economic development while protecting our landscape from further sprawl. The program is also vital to our Gateway Cities and places where we want to see more growth. Unfortunately, the program is currently out of funds. The program was originally capitalized with \$30 million in 1998 and we now have a unique opportunity to fully fund the program so we can accelerate the cleanup and redevelopment of these critical sites.

#### Investing in Housing Security and Opportunity

#### Emergency Rental Relief (\$200 million) –

Massachusetts, with the assistance of unprecedented federal funding and the extraordinary efforts of regional nonprofits, stepped up to forestall a massive wave of evictions with emergency rental assistance (ERA), assisting more than 60,000 households since the pandemic's inception. The federal funding is now winding down, and DHCD has announced that no new applications for ERA will be accepted after April 15th,

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even though many thousands of MA renters who have experienced a long-term reduction in income due to the pandemic need ongoing financial support. To meet this challenge we will need to increase funding for RAFT in the state's annual operating budget and take advantage of the remaining ARPA dollars to ease the transition and avoid a major spike in evictions this year. We support Governor Baker's FY22 Supplemental Budget request for \$60 million for emergency rental assistance and request an additional \$200 million in ARPA funds to ensure families continue to receive the assistance they need.

**Massachusetts Healthy Homes Initiative (\$100 million)** – Massachusetts' housing stock is among the oldest in the nation, with more than 70% of homes constructed before lead paint was banned in 1978. These homes are likely to contain some lead-based paint which can be inhaled or ingested unless steps have been taken to make them lead-safe or to remove that lead paint. Substandard homes also can have other hazards, including poor indoor air quality, which is caused by mold, dust, and second-hand smoke, as well as poor ventilation, infestation, structural inadequacies, and leaky pipes. Inadequate and unsafe housing is a particular concern in communities of color, rural towns, Gateway Cities, and other places deeply impacted by COVID-19. Substandard housing stock poses serious, and in some cases irreversible, health hazards. The Massachusetts Healthy Homes Initiative (MHHI) is an opportunity to improve the quality and safety of thousands of homes across the Commonwealth and to improve the health of families currently living in these homes and the generations of families who will live there in the future by providing grants and low-cost deferred-payment loans to income-eligible homeowners and landlords so they can make the necessary repairs.

**Homeownership Opportunities (\$320 million)** – In the first ARPA spending bill, the MA Legislature provided \$180 million for to expand homeownership opportunities: \$65 million for financial assistance to first-time homebuyers, and \$115 million for homeownership production. We consider this \$180 million to be a significant down payment toward the \$500 million which Governor Baker initially proposed. This funding is needed more than ever before. Home price increases accelerated during the pandemic; in the two years ending September 2021, the median price of a single-family home increased by 27%, to \$535,000. Additionally, we have profound racial disparities in who

gets to own a home in the Commonwealth, with 70% of white households owning compared to just 35% of Black, Latinx, and Asian households. We request a \$320 million total investment to further expand homeownership opportunities and close the racial homeownership gap.

**Rental Housing Preservation and Development (\$150 million)** – The initial ARPA spending bill included \$115 for rental housing production and preservation, and \$150 million for permanent supportive housing for priority populations including, among others, chronically homeless individuals and families, veterans, and seniors. The National Low Income Housing Coalition's Out of Reach Report ranks Massachusetts as the third least affordable state for renters. Furthermore, 60% of extremely low-income renter households pay more than half of their income for rent. We simply must do more to meet the extraordinary need for safe, affordable rental housing. Therefore, we request \$150 million to produce and preserve affordable rental housing and to provide permanent supportive housing for the Commonwealth's most vulnerable residents.

## **Investing in an Equitable Clean Energy Future**

**Zero Carbon Renovation Fund (\$250 million)** - To boldly respond to the climate crisis and improve the health and well-being of the residents of Massachusetts, we request \$250 Million of ARPA funds to rapidly renovate the Commonwealth's existing buildings to zero carbon. Administered through MassCEC, this Zero Carbon Renovation Fund would result in deep carbon savings by transforming our existing buildings to be energy efficient, all electric, powered by clean renewable energy, and renovated with low-embodied carbon materials. This is especially important today, before the grid is decarbonized. The impact will be dramatic, providing healthier and more affordable places for people to live and work, while simultaneously moving the Commonwealth toward meeting our climate goals. This infusion of capital today will transform the marketplace so that over the next decade zero carbon renovations will become affordable business-as-usual renovations that improve the lives of people. By focusing on deep energy savings in existing buildings upfront, less money will be needed to expand and clean the grid. Furthermore, zero carbon renovations help ensure that the Commonwealth's most vulnerable populations benefit from a just transition away from fossil fuels.