



June 13, 2022

Chairman Aaron Michlewitz  
House Ways & Means Committee  
State House  
Boston, MA 02133

Chairman Michael Rodrigues  
Senate Ways & Means Committee  
State House  
Boston, MA 02133

Dear Chairmen Michlewitz and Rodrigues:

On behalf of our 97 member organizations across the state, we are writing in support of several programs proposed by Governor Charlie Baker in *H.4802, An Act making appropriations for fiscal year 2022 to provide for supplementing certain existing appropriations and for certain other activities and projects (the Supplemental Budget)*. We also want to use this opportunity to reiterate our call for seizing the opportunities created by the availability of ARPA funds and surplus state revenue to make transformative investments in our communities.

The Massachusetts Association of Community Development Corporations (MACDC) is a member of the Coalition for an Equitable Economy, and together we have been advocating for \$300 million to support [small business relief and recovery](#), with a particular focus on businesses owned by people of color, immigrants, women, low-income people and other socially disadvantaged entrepreneurs. One of our goals was to secure funding to provide small businesses with grants funds to help them recover from the COVID-19 pandemic without requiring them to take on more debt. We are very pleased that the Legislature provided \$75 million in such funding earlier this year (and those grants were announced just last week) and that the House has proposed additional funding for small business grants in its proposed FY 23 Operating Budget.

We are now also very pleased to see Governor Baker propose \$180 million in funding for small business development in his Supplemental Budget proposal and we urge the House to embrace these recommendations. We have worked closely with the Governor's team, and we believe their proposal aligns nicely with our earlier recommendations. Specifically, we support the following investments proposed by Governor Baker:

- **7002-2024 - Commercial Real Estate Ownership Opportunity Fund** – The Governor proposes to invest \$40 million to create a new equity product to fill gaps in commercial real estate deals at MassDevelopment. This program, combined with the next one (line



item 7002-2025), would help struggling business owners buy the real estate in which their business is located. This would advance at least two major goals for our communities. First, it would help business owners from communities of color to build wealth and close the racial wealth gap in our Commonwealth. Second, it would help stabilize both the business and the community by preventing the displacement and gentrification that is disrupting communities across the state. This program is also a direct response to the disparate impact COVID-19 had on small businesses owned by BIPOC entrepreneurs. MACDC members and our partners in the Coalition have been hearing about these issues across the state and we believe the proposed investment is precisely what is needed at this time.

- **7002-2025 - Real Estate Enhancement Financing, with Grants and TA** – The Governor wisely proposes to supplement the Mass Development Ownership Opportunity Fund, with an additional \$40 million investment in Mass. Growth Capital Corp to fund a commercial real estate ownership loan product at MGCC, with the ability to provide gap-filling grants and technical assistance for new property owners. This program is essential to really accomplish the goals articulated above because many business owners will not be able to successfully purchase their real estate without gap funding and robust technical assistance. As a result of long-standing racial inequities in wealth creation, many business owners of color do not have the equity and financial wherewithal to buy these properties without grant funding and most are not experienced in these sort of real estate transactions. CDCs do have experience in real estate acquisition and development, so we are eager to use these new tools to assist businesses in purchasing their own real estate to house their business, build wealth and stability, and strengthen community.
- **7002-2027 - Partnerships Impact Fund** – Massachusetts is home to many high-performing and innovative CDCs, Community Development Financial Institutions and other non-profit community investment organizations that provide access to capital for businesses that are shut out of traditional financing sources. Thanks to your leadership, the state has dramatically stepped up its investment in these organizations over the past few years and we are seeing them put this new capital to work during this recovery. MACDC's Mel King Institute is also working with MGCC and other partners to provide training and support to further strengthen this eco-system. Therefore, we are very pleased to see the Governor propose \$50 million to invest in partnerships between banks and CDFIs/CDCs to further expand access to capital for underserved businesses, in particular those owned by people of color, immigrants, women and other socially and economically disadvantaged small businesses.
- **7004-2026 - Equitable Developers' Fund** – The Equitable Developers' Fund proposed by Governor Baker offers an exciting opportunity to advance both the need to build more affordable housing and the goal of expanding economic opportunity. The program would offer predevelopment loans and other financing assistance to entities controlled

by one or more individuals who have been socially and economically disadvantaged or disproportionately impacted by the COVID-19 pandemic. In so doing, the program can help create business and employment opportunities that will help close racial disparities in wealth and income across the Commonwealth. This is particularly important because much of the housing built with state and federal subsidies is located in communities of color, but too few of the developers building that housing come from those communities. It is long past time to rectify that imbalance.

- **7002-0040 - Small Business Technical Assistance (SBTA)** – While the Governor did not include this program in his Supplemental Budget, we urge the Legislature to provide additional support to this program. Throughout the FY 2023 budget process, we have been recommending \$10 million for the SBTA Grant Program, administered by the Massachusetts Growth Capital Corporation (MGCC). Thousands of underserved small businesses struggle to survive and recover from the pandemic. The opportunities and challenges for our small business sector will continue to be significant in the coming year, with inflation, supply disruptions, changing consumer behavior and general uncertainty making life difficult for all business owners. This is particularly true for the businesses served by this program – smaller, micro-businesses, those owned by people of color, women and lower income entrepreneurs who have access to less resources and expertise than many of their competitors. Technical assistance is also an essential ingredient to making sure that other business support programs are effective, including those listed above. The SBTA program ensures that businesses know about these other programs and have the bandwidth and capacity to take maximum advantage of state and local grant programs, SBA lending products, philanthropic initiatives, and other efforts to support small businesses. Indeed, the SBTA program offers the biggest impact for each additional dollar invested. The House has proposed \$6 million for this program in its FY 23 budget and the Senate has proposed \$7 million. We urge the Legislature to provide a total of \$10 million through some combination of funding in the FY 2023 operating budget and this supplemental budget legislation.

MACDC would also like to take this opportunity to reiterate the [recommendations](#) we have made in the context of the Economic Development legislation now under consideration. We have proposed several transformative investments that we believe could be funded by some combination of bond funds, ARPA and/or state surplus revenue. We defer to you on which legislative vehicles make the most sense for different proposals but urge that you find a way to make the following investments this year.

- **Brownfields Redevelopment Fund (\$30 million)** – This program was created in 1998 and has financed 765 Brownfield Assessment and Remediation projects across the Commonwealth. Cleaning contaminated land is critical to driving housing and economic development while protecting our landscape from further sprawl and remediating environmental hazards. 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 for years to come. ***The supplemental budget is the perfect source to recapitalize this program.***

- **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. This proposal is supported by more than 40 groups including the Mass. Hospital Association, the Mass. League of Community Health Centers, the Mass. Public Health Association, Citizens Housing and Planning Association (CHAPA), and several major hospitals.
- **Homeownership Opportunities (\$320 million)** - In the first ARPA spending bill, the MA Legislature provided \$180 million 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. A recent article in the Boston Globe highlighted how many Black residents who were born in Boston and want to stay are priced out of the city’s real estate market; the City’s Black population decreased 6.4% between 2010 and 2020, We request a \$320 million total investment to further expand homeownership opportunities and close the racial homeownership gap
- **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 at least \$250 Million to rapidly renovate the Commonwealth’s existing buildings to zero carbon. Administered through the Massachusetts Clean Energy Center (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. This proposal has been endorsed by more than 80 groups who have recently sent a letter to the Legislature urging its adoption.

Finally, MACDC is also supportive of the Governor's proposal to invest significant new funding in affordable rental housing development, public housing modernization and supportive housing. We appreciate the Governor's recognition of the unique housing challenges we face on Cape Cod and in the Berkshires, where the seasonal economy puts stress on the housing market. MACDC has consistently called for such investments, and we need to make sure that funding is prioritized for low- and moderate-income households who face the greatest housing security challenges, while also serving a broader range of incomes than typically possible with federal subsidies.

Thank you for the opportunity to offer our recommendations regarding this legislation. Please do not hesitate to contact me if you have any questions or would like further information.

Sincerely,

  
Joseph Kriesberg  
President & CEO