



To: House/Senate FY 2022 Budget Conference Committee Members
From: Joseph Kriesberg, MACDC President & CEO
Re: FY 2022 Budget
Date: June 6, 2021

On behalf of the Board and Members of the Massachusetts Association of Community Development Corporations, I want to thank both the House and the Senate for your leadership during the COVID-19 crisis and your consistent support of our communities and the people who live in them. Your support for affordable housing, eviction prevention, small business relief, food security, vaccine access and so much more has played a vital role in helping us manage through these unprecedented difficulties. As our society and economy begin to emerge, we know there is much work to be done and the FY 2022 budget represents an opportunity to accelerate our recovery and ensure equity for everyone.

We also want to thank each branch for investing in key MACDC priorities in your respective budgets. We write today to offer our recommendations for how to reconcile the two budget proposals in a way to yield the best possible results.

**1) *Line Item 7002-0040 - Small Business Technical Assistance (SBTA)*
MACDC Request: Adopt the Senate's proposal for \$6 million**

We seek \$6 million to support 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 be even greater in 2021. We will need increased capacity to meet this moment and secure an inclusive and equitable recovery.

SBTA's diverse, highly effective, and growing network of 63 community-based organizations offers to meet the surge in demand for locally tailored, culturally competent services. SBTA groups serve our most vulnerable businesses, including those owned by people of color, women, immigrants, and low- and moderate-income people. For every dollar invested, SBTA leverages more than ten dollars in federal and private capital. Indeed, the program plays a critical role in ensuring that underserved small businesses can access Federal PPP (Paycheck Protection Program) loans. SBTA also worked closely with MGCC to ensure that the state's small business grant program reached micro enterprises, lower income business owners, and communities of color. As a result of this partnership, 43 percent of MGCC grants went to businesses owned by people of color. As MGCC and the SBA roll out new programs in the coming year, we will need SBTA grantees to ensure those programs are deployed equitably and successfully.

A funding level of \$6 million in FY 22 would be a modest increase over the \$5.1 million in the FY 2021 budget and enable us to meet the surging need for assistance both from businesses that have survived but need more help to recover from the COVID-19 crisis and those new entrepreneurs who are starting businesses now.

**2) *Line Item 7002-1502 - Neighborhood Stabilization Initiative & Neighborhood Hub*
MACDC Request: Adopt the House’s proposal for \$750,000**

Many neighborhoods in Gateway Cities and rural towns in the Commonwealth of Massachusetts suffer from distressed, vacant, and abandoned housing. Often, property owners lack sufficient incentives and resources to maintain their properties. The current economic crisis could make the situation worse as landlords and homeowners struggle to pay their bills. Over the past two years, the state legislature has provided funding to enable MassHousing and Mass Development to launch [The Neighborhood Hub](#), a multi-agency partnership among the public and nonprofit sectors to provide funding and technical assistance to municipalities struggling with these challenges. Level funding through the state budget is essential for maintaining the Neighborhood Hub’s ability to serve more cities and deepen the impact of this work. The program will also help ensure that the new bond funds authorized by the legislature as part of the Economic Development bill enacted in January are put to the highest and best use by cities across the Commonwealth.

**3) *Line Item 7006-0011 - Homeowner Education and Foreclosure Prevention Counseling*
MACDC Request: Affirm House and Senate language that provides \$2.85 million, but use Senate language that requires a minimum of \$1.5 million in grants**

During the last foreclosure crisis in 2007, the legislature had the wisdom to establish a dedicated funding stream to ensure the availability of high-quality homeowner education and foreclosure counseling services across the state. The program has now been in operation for over a decade and has helped thousands of families. As we now face another challenging period for homeowners, we are pleased that both branches authorized the Division of Banks to retain at least \$2.85 million from mortgage originator fees. We ask that you adopt the Senate language to require the Division to use these retained funds to award at least \$1.5 million in Chapter 206 grants (rather than the \$1.3 million included in the House budget) to fund first-time homeownership education programs and foreclosure prevention counseling centers throughout the Commonwealth. This would represent level-funding from FY 2021. Chapter 206 awards provide essential assistance for the creation and preservation of sustainable homeownership in the Commonwealth, as homeowners and homebuyers struggle with the economic fallout from the pandemic.

Massachusetts has the fifth worst homeownership rate for households of color in the United States and white households are nearly twice as likely to own a home as a household of color. Decades of discrimination created a racial wealth gap that persists to this day. This wealth gap makes it harder for people of color to buy a home, and more likely that they will face foreclosure if they do have a home.

Homeowner Education and Foreclosure Prevention Counseling will assist to close the racial homeownership gap. Programs like this – combined with other state homeownership programs such as down payment assistance and discounted mortgages – address this challenge by ensuring that all homeowners have the information and tools that they need to succeed.

**4) *Line Item 7004-9024 - Mass. Rental Voucher Program (MRVP)*
MACDC Request: Adopt Senate proposal to provide a total \$150 million**

The Massachusetts Rental Voucher Program (MRVP) provides a permanent improvement in the lives of more than 8,300 low-income families and individuals by offering both tenant-based and project-based rental subsidies. We are grateful that both branches have proposed to carry over unused resources from FY 21 into FY 22 and we urge the Conference Committee to adopt the Senate’s slightly higher overall funding level of \$150 million compared to about \$148.4 million provided in the House budget.

Please contact me at joek@macdc.org or 617-721-7250 if you have any questions about our priorities or these programs. Thank you for your consideration.