



MEMO

To: Governor-elect Maura Healey & Lt. Governor-elect Kim Driscoll & Transition Team

From: Angie Liou, Chair, and Kristina St. Cyr Kimani, Director of Policy & Civic Engagement,
Massachusetts Association of Community Development Corporations

Date: December 1, 2022

Re: Recommendations to Address Key Housing, Community & Economic Development Priorities

On behalf of the **Massachusetts Association of Community Development Corporations (MACDC)** we would like to congratulate Maura Healey and Kim Driscoll on their historic win as Governor and Lieutenant Governor of the Commonwealth of Massachusetts. Our board members were particularly grateful for the opportunity to meet with the new Governor-elect during her campaign, where we discussed key priorities that aligned with our work regarding various policies, resources, and strategies for the Commonwealth. We also deeply appreciate that Governor-elect Healey was able to participate in our candidate forum as part of the MACDC Convention on October 29 in Worcester, where she made some important commitments and statements regarding her community development priorities (you can watch a video of her [remarks here](#).)

As we move to expand on these previous conversations, our hope is to build a partnership with the new administration on behalf of the diverse communities we serve and represent. We have compiled a set of key recommendations for Governor-elect Healey, Lt. Governor-elect Driscoll and the transition team, to consider during this time of transition and for the start of the new administration. These recommendations will help the administration to effectively implement policies and resources that enable Massachusetts residents and communities to thrive.

MACDC members have a long history of engaging public officials on an ongoing basis to help craft, enact and implement critical housing and economic policies. Continuing in that tradition, our members would like the administration to consider the following recommendations.

Support Community Development Across the Commonwealth

Massachusetts is fortunate to have one of the strongest CDC networks in the country, with 63 state certified CDCs serving nearly every city and town in the Commonwealth. In 2021 alone, they created or preserved 1,717 homes, created or preserved 6,744 jobs, provided technical or financial assistance to 3,416 entrepreneurs, and invested \$1.45 billion into Massachusetts communities¹. This network will be a critical partner for the Healey-Driscoll Administration as you seek to advance a wide range of goals related to housing, economic development, racial justice, youth development, public safety, climate justice and health equity.

CDCs have a longstanding history of serving low- to moderate-income communities, investing in affordable housing, economic development, and other community development projects. Since 2014, the Community Investment Tax Credit (CITC) has been a critical source of support for this network, and

¹ [MACDC GOALS](#)

it has grown more so over the years. CITC has helped CDCs across the state raise more than \$100 million since its launch in 2014. CITC provides a 50% tax credit to donors. Donors invest in a CDC's Community Investment Plan, providing flexible working capital that can be used to seed new programs, fill funding gaps, scale effective programs, and leverage other resources. It has become an essential tool as CDCs broaden their scope of work to better meet the needs of their communities.

In 2020, precisely when CDCs were most needed to serve their communities, CITC generated over \$16 million in flexible, private funding for CDCs. Without the influx of donations encouraged by the CITC, CDCs would have had significantly less unrestricted funds to put towards programming that was directly responsive to community needs at a time of unprecedented crisis.

The Healey-Driscoll campaign has expressed on numerous occasions a commitment to tackling tax relief early in 2023. During the campaign, Governor-elect Healey spoke at the MACDC Gubernatorial Candidate Forum where she made a public commitment to extend and expand the Community Investment Tax Credit.

We recommend that the Healey-Driscoll Administration include an expansion of CITC to \$15 million annually and to remove the sunset of this program in any tax related package that is proposed.

This program has proven its worth and success over the last 10 years. By removing the sunset and lifting the cap, we can ensure that these dollars remain in our communities across the Commonwealth, supporting a broad array of community development efforts including, affordable housing, job development, business development, and neighborhood revitalization.

Housing Equity

Housing affordability and availability are among the greatest challenges we face in Massachusetts today. As Governor-elect Healey has said repeatedly, we need to produce significantly more housing in Massachusetts. We couldn't agree more. We also agree with the Governor-elect's commitment to producing additional affordable options, protecting and preserving our current housing stock, and ensuring sustainability for our climate and our residents into the future. We are hopeful that housing will be a top priority for the legislature and the Healey-Driscoll Administration. MACDC is committed to advocating for policies, funding, and programs that will support affordable and healthy housing options for low- and moderate-income residents and that explicitly address the racial disparities that have resulted from centuries of racist housing policies.

The housing crisis is complicated and multi-faceted. There is no single solution, we need a comprehensive approach. We encourage the Healey-Driscoll Administration to advance the following priorities to address this crisis:

1. Create & Preserve Long-term Affordable Housing

While Massachusetts has a housing supply shortage for families at all income levels, the shortage of affordable housing is particularly acute. There is a shortage of more than 160,000 rental homes affordable and available to extremely low-income renters.² Furthermore, white families are twice as likely to own their homes as households of color.³ We cannot address

² [Massachusetts | National Low Income Housing Coalition \(nlihc.org\)](https://www.nlihc.org/massachusetts)

³ [Prosperity Now Scorecard](https://www.prosperitynow.org/scorecard)

these challenges with existing resources. Funding for affordable housing, including through new sources of revenue, must be prioritized to provide the needed affordable rental housing and homeownership opportunities to address the current crisis.

- ✓ **Increase Funding Levels for Affordable Rental & Homeownership Opportunities** – Utilize the state’s operating and capital budgets, as well as other available funding sources, to increase funding for affordable rental and homeownership development and preservation.
- ✓ **Establish Sustainable Funding Revenue for Affordable Housing** – Explore options such as increasing the Deeds Excise Tax and enabling local real estate transfer fees to establish a dedicated funding stream for affordable housing.
- ✓ **Invest dollars in programs that meet the diverse housing needs of residents** – This includes family rental housing, senior rental housing, supportive housing, community-scale projects, homeownership opportunities, and acquisition of naturally occurring affordable housing.
- ✓ **Ensure equitable implementation of the MBTA Zoning Requirements** – Encourage and incentivize the creation of affordable housing in the MBTA multi-family zoning districts.

2. Build & Sustain Healthy Homes & Neighborhoods

Massachusetts has among the oldest housing stock in the nation, with approximately 70% of homes in Massachusetts constructed before lead paint was banned in 1978,⁴ and too many homes in need of urgent repairs and upgrades. Massachusetts homes need dedicated funding to address housing rehabilitation needs, make homes lead-safe, energy efficient, and to enhance efforts to address broader neighborhood stabilization needs.

- ✓ **Support creation and funding of the Massachusetts Healthy Homes Program** – The Massachusetts Healthy Homes Program (MHHP) would improve housing quality and resident health by providing grants and low-cost deferred loans to income-eligible homeowners and landlords to make necessary improvements to their properties including but not limited to, lead paint abatement, indoor air quality improvements, and addressing structural inadequacies. The presence of lead, poor indoor air quality, and other substandard housing conditions pose serious, and in some cases irreversible, health hazards. MHHP would address these issues and lay the groundwork for safe electrification as we work to achieve our Climate Action Goals.
- ✓ **Build upon the success of existing programs to address unhealthy housing** – Programs such as the Get the Lead Out Program and CDBG-funded Housing Rehabilitation Program can have greater impact by substantially scaling up resources, improving coordination among programs and, creating new programs such as MHHP to address the gaps in efforts to make homes healthier and safer.
- ✓ **Support innovative efforts to address vacant and blighted properties** – Two existing statewide programs, administered by MassHousing, have proven successful in

⁴ [DP04: Census Bureau Table](#)

addressing distressed housing in the context of neighborhood stabilization. The [Neighborhood Hub](#) (supported by annual state appropriations) provides technical assistance funding to Gateway Cities to improve their capacity to holistically address vacant and distressed properties, and the [Neighborhood Stabilization Program](#) provides funding (through the capital budget) to rehabilitate distressed properties. Local programs such as the Liability to Assets Program in North Central MA, and a new Receivership Pilot program in Springfield, are innovative pilots aimed at addressing blight by getting vacant lots and abandoned buildings back into productive use. These local pilots should be expanded to more communities across the state.

3. Advance Climate-Resilient Housing

We are pleased that the Healey-Driscoll Administration is going to make climate a major priority in the coming years as we all understand the importance of addressing this crisis quickly, especially for vulnerable communities who are most at risk. MACDC is particularly interested in how we can equitably decarbonize our residential housing stock, including but not limited to our subsidized housing inventory. Doing so will bring many benefits to the residents of this housing while also reducing emissions and making the entire Commonwealth more resilient to the extreme weather that we will be facing. We offer the following recommendations to address this issue:

- ✓ **Dedicate \$300 million in ARPA dollars to launch the Zero Carbon Renovation Fund** - This fund will jump start efforts to equitably decarbonize existing homes and buildings to help achieve the state's climate goals.
- ✓ **Increase the Deeds Excise Tax to address climate change & the affordable housing crisis** - A new revenue stream is necessary to sustain this work over the next decade and beyond. We urge the Healey-Driscoll Administration to increase the Deeds Excise Tax to generate significant and stable revenue to invest in climate resilience and mitigation, in addition to providing sustainable funding for affordable housing options.
- ✓ **Develop a comprehensive strategy for decarbonizing subsidized housing** - A comprehensive and well thought out approach is needed to meet our climate and affordable housing goals. This plan should include a mechanism to fund necessary deep energy retrofits that does not impede efforts to expand the affordable housing supply.

4. Protect & Empower Residents

Too many Massachusetts households are struggling to pay rent and are at risk for housing displacement and eviction. We must support Massachusetts households and families in maintaining stable housing, preventing displacement, and moving towards a path of homeownership.

- ✓ Increase the **MA Rental Voucher Program (MRVP)** to provide more families with the rental assistance they need to rent homes in the private market, produce new affordable homes, and preserve existing affordable housing critical to recover from the pandemic.

- ✓ Increase funding and accessibility of the **Rental Assistance for Families in Transition** program (RAFT). RAFT is an upstream homelessness prevention program that provides assistance with rent, mortgages, and other housing-related costs. RAFT has been a lifeline to tens of thousands of families facing eviction and homelessness during the COVID-19 pandemic and beyond.
- ✓ Support passage of the **Tenant Opportunity to Purchase Act (TOPA)** to provide opportunities for tenants to purchase their buildings.
- ✓ Provide **down payment and mortgage assistance** for low and moderate-income, first-time, and first-generation homebuyers, with a focus on addressing the racial homeownership gap.
- ✓ Support ongoing funding for homebuyer education and foreclosure prevention counseling through the **MA Division of Bank's Chapter 206 Program**.
- ✓ Expand tenant protections across the Commonwealth by supporting **Right to Counsel** and **Eviction Sealing** legislation.

Equitable Economic Investment & Empowerment

Massachusetts has a strong and diverse economy that provides opportunity and high wages for many of our residents. However, we see persistent and unjust inequities based on race, immigration status and geography that undermine our collective prosperity. The COVID-19 pandemic both revealed and worsened many of these inequities. MACDC and its members are critical partners with state government in tackling these inequities through our local, community driven programs and initiatives. We are particularly active in areas such as small business development, real estate development, asset building and promoting local place-based economic development strategies.

In order to create a more inclusive and equitable economic environment that closes the stark racial wealth gap in our Commonwealth, we encourage the Healey-Driscoll Administration to advance the following priorities:

1. Small Business Development & Sustainability

During the pandemic MACDC worked with the state to mitigate the impact on BIPOC-owned and other small businesses. Now, as we emerge from that crisis, we have the opportunity to build an equitable and inclusive small business ecosystem that learns and applies the lessons of the past three years. The Healey-Driscoll administration has the power to be an active partner in the small business ecosystem by offering innovative solutions that overcome the obstacles that so many of our small business owners face.

- ✓ **Small Business Technical Assistance Program (SBTA)** – The [SBTA program](#) provides critical funding to 59 community based organizations that support local entrepreneurs as they start, stabilize and/or grow their businesses. The program has a deep focus on BIPOC and other underserved businesses. At the MACDC Convention, Governor-elect Healey committed to increasing funding for SBTA to increase support for small and micro businesses. We encourage the Healey-Driscoll Administration to increase funding of SBTA to \$10 million by including \$10 million in line item 7002-0040 in the House 1 budget for SBTA.

- ✓ **Leverage Community Development Financial Institutions (CDFIs)** – CDFIs offer a critical source of capital for businesses that are not yet able to attract investments from banks and other traditional sources. During the pandemic, the state invested \$22 million in these institutions to help them leverage more Federal and private investment. We encourage the Healey-Driscoll Administration to expand investments in non-profit financing institutions, such as CDFIs, so they can provide affordable capital that would otherwise be unavailable to many small businesses.
- ✓ **Dedicated Grant funding for Affordable Small Business Real Estate Acquisition** – The Coalition for an Equitable Economy worked closely with the Baker Administration to craft an \$80 million investment program to help small businesses, especially BIPOC owned businesses, acquire the buildings in which they operate. Unfortunately, this program has not yet been established. We urge the Healey-Driscoll administration to pursue this or a similar program that will provide equitable investments that create pathways for small business owners to acquire properties in the communities they serve.

2. Wealth Building

Although Massachusetts is one of the wealthiest states in the nation, when broken down by race, huge inequities exist. “The Color of Wealth in Boston” report found that whites had an average net worth of \$247,500 compared to blacks at just \$8, and Hispanics at \$2,700.⁵ In order to close the racial wealth gap we must implement innovative solutions that target disparities and increase wealth building opportunities for people of color. In addition to the recommendations above related to homeownership and small business ownership, we recommend the following:

- ✓ **Support expansion of the Family Self Sufficiency Program (FSS)** – The Family Self Sufficiency program was created by Congress in 1990 to help families in subsidized housing increase their incomes and build assets that can help them achieve greater economic security. The program, which is administered by HUD and implemented by local housing agencies, is already helping thousands of Massachusetts families across the state, but thanks to recent changes in program regulations at HUD we now have an opportunity to significantly expand its reach to every family living in public housing or Section 8 housing, including apartments owned and managed by CDCs and other private owners. As program participants increase their incomes, they can save the money that would otherwise go toward higher rent payments. Over a five-year period, families can save thousands of dollars and in some cases buy a new home. We urge the Healey-Driscoll Administration to develop a comprehensive strategy to ensure that every eligible family has access to this life changing program by providing funding, technical assistance, and incentives for housing agencies to offer the program to their residents.

⁵ [The Color of Wealth in Boston - Federal Reserve Bank of Boston \(bostonfed.org\)](https://www.bostonfed.org/publications/2019/07/19/the-color-of-wealth-in-boston)

- ✓ **Expand the Earned Income Tax Credit (EITC)** – The Earned Income Tax Credit (EITC) is widely considered one of the most effective anti-poverty programs for working families. By increasing the state EITC, Massachusetts has an opportunity to lead the nation in reducing inequality, alleviating child poverty, and increasing the opportunity for healthy, successful families.

- ✓ **Invest in Matched Savings Programs** – Matched savings is a powerful tool to close the racial wealth gap by providing hard-working households with a match to their savings and an education in 21st century financial literacy. Account holders use their matched savings to purchase a first home, pursue higher education, launch a small business, perform needed home repairs, purchase technology and/or equipment to support employment, contribute to a retirement plan, or to pursue other related wealth-building goals. The state recently invested \$3.5 million in the highly successful STASH program, and it has also invested in supporting Individual Development Accounts. We encourage the Healey-Driscoll Administration to dedicate funding to matched savings programs administered by community-based organizations in order to increase wealth of hard-to-reach populations.

We believe there are critical opportunities to advance many of these goals early in the Administration’s tenure, including through vehicles such as, ARPA legislation, the Housing Bond Bill, and the House 1 Budget. We stand ready to work with Governor-elect Healey, Lt. Governor-elect Driscoll, and the transition team to serves as a resources and ally to move these critical community development priorities forward, and to ensure a smooth and successful administrative transition.

Sincerely,

Angie Liou

Kristina St. Cyr Kimani