



Testimony in Support of An Act Enabling Partnerships for Growth (H.4529)

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to the
Joint Committee on Economic Development
and Emerging Technologies

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Chairwoman Ferrante, Chairman Lesser, and distinguished members of the Committee, on behalf of our member organizations, we are testifying in support of H.4529, An Act Enabling Partnerships for Growth, the Baker-Polito administration's economic development proposal. MACDC commends Secretary Keneally 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.

Our members serve urban, rural, and suburban communities across the state, building and maintaining affordable housing; helping small businesses to start, grow and thrive; building commercial real estate to revitalize local business districts; offering financial coaching and education to thousands of families; and helping families buy their first home. Our comprehensive approach to community development is tailored to the unique needs of each community. Since the onset of the COVID-19 pandemic, our members have gone to extraordinary lengths to keep people housed, to ensure their health, to provide food to those in need, and to help small businesses access help and safely reopen.

Inarguably, our world has been upended since Governor Baker filed this bill on March 4. The COVID-19 Pandemic continues to impact every person and community across the state, our country, and most of the world, and it has exposed longstanding and often ignored economic, racial, and social disparities that disproportionately afflict Black people and communities of color across our Commonwealth and the country. We must be better. And we recognize that the scale of this crisis requires that we reimagine in many ways the role and functioning of government. This will require a significant investment of resources and fiscal inventiveness

today and well into the future. The communities we serve are depending on you and us to marshal the resources and policies to mitigate the economic crisis even as we strive to counter the public health emergencies of COVID-19 and racism.

Overall, MACDC and its members were pleased with the legislative proposal the Administration introduced in early March. We strongly support the inclusion of the zoning reforms of Housing Choices (like legislation – H.4263 – advanced by the joint housing committee last December). This sensible reform will facilitate more smart growth housing throughout the state, consistent with local control. We also support several important housing production and community development initiatives that the bill proposes, including:

- \$50 million for transit-oriented housing to produce high-density mixed-income affordable housing near transit nodes;
- \$25 million for neighborhood stabilization to help return blighted or vacant housing back to productive use;
- \$10 million for sustainable and climate-resilient construction in affordable, multifamily housing developments to better respond to climate change and reduce greenhouse gas emissions;
- \$40 million to support the redevelopment of underutilized, blighted, or abandoned buildings;
- \$15 million to continue making sites ready for development through site assembly and assessment, permitting, and other predevelopment activities;
- \$10 million for a fund dedicated to supporting community development and infrastructure projects in rural communities and small towns.

Finally, we support language to give local housing authorities more flexibility to enter redevelopment partnerships and to address deferred capital needs.

We are encouraged that the bill emphasize support for small and micro businesses, and we believe these programs will need significantly more funding than proposed before the current crisis.

While the Governor's legislation is a strong start, it needs to be strengthened to meet the scale of what our needs are now and will be in the wake of COVID-19. The time for robust state action is now.

Our shared values should be focused on three core goals: (1) to keep the state's businesses in business to maintain employment, production, and revenue levels and to enable them to grow as the economy recovers; (2) to supplement the types of fiscal and monetary stimulus provided by the federal government to boost economic activity; and (3) to help the most

vulnerable families negotiate this economic crisis with additional revenue to maintain household spending and investment to ward off a deeper recession and further economic pain.

To achieve meaningful impact, the Legislature and the Governor will have to find creative ways to generate resources for investment. We think the state should increase its General Obligation Bond cap to ensure that the programs authorized in this legislation can be implemented quickly and robustly – not spread out over 5 years. We also believe new revenues are necessary and can be raised in progressive ways through proposals put forward by Raise Up Massachusetts and through an increase in the deeds excise tax to fund Climate and Housing investments – a proposal put forth by a broad coalition earlier this year.

A core principle of community development is that, when the community faces a struggle, everyone should pitch in. While the Commonwealth (and our country) faces an immense challenge, the burden of that challenge is falling disproportionately on low-income communities, people of color, and, of course, our seniors. Yet many of residents continue to be financially secure – and it's time for those of us who can pitch in, to help the entire Commonwealth.

As this Committee and your legislative colleagues hone in on a comprehensive strategy for equitable economic relief and recovery, we recognize that different measures may be dealt with in different vehicles, such as the supplemental budget now pending Senate consideration, the FY 2021 budget, the deployment of Federal CARES Act resources, and this legislation. We believe it is imperative that you target several important small business, economic development, and housing-related priorities to address the imminent needs of families and businesses:

1. \$10 million in funding to support community-based organizations that deliver culturally competent and multi-lingual technical assistance and coaching to small businesses. This would build on the success of MGCC's current SBTA program but would be enough funding to help additional organizations deal with the surge of demand and sustain high quality service at least through FY 2021 (June 30, 2021).
2. \$30 Million in emergency relief grants to help businesses cover rent, mortgages, and other fixed costs. To ensure the program reaches the communities most in need, we believe the program should be delivered in partnership with community-based organizations that are rooted in the communities we seek to serve, in particular communities of color, immigrant communities, rural towns, and Gateway Cities. The Governor's bill proposed \$5 million but the current crisis requires a much larger investment.
3. \$35 million to Community Development Financial Institutions, community development corporations and other community-based lending programs to help them offer grants, zero/low interest loans, loan deferments, and other assistance to

small businesses. 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. The Governor's bill proposed \$10 million but the current crisis requires a much larger investment.

4. A statewide Small Business Assistance Task Force charged with ensuring the effective delivery of support to small businesses during the economic shutdown and through the recovery. The task force should have a laser focus on equity and inclusion.
5. Reauthorization of \$10 million for the Massachusetts Food Trust Program. The Massachusetts Food Trust Program, established in law in 2014 and launched in October 2018, is the premier financing source for new and expanding healthy food retail projects in low-and moderate-income communities across the Commonwealth.
6. Neighborhood Stabilization Initiative (NSI): As the economic crisis continues to unfold, we expect that renters, homeowners, property owners, and neighborhoods will start to experience a decline in housing quality and the potential for an increase in blight and vacancy. Home values could begin to decline – disproportionately hurting Black and Latinx homeowners who tend to live in economically more fragile neighborhoods, including many neighborhoods that were already struggling before the pandemic. MACDC continues to advocate for *An Act Relative to Neighborhood Stabilization and Economic Development (S.1627)* and was pleased that the Legislature in FY 2020 provided an initial \$750,000 (line item 7002-1502) through the Transformative Development Fund for a neighborhood stabilization initiative to assist local governments and their nonprofit partners to implement strategic neighborhood-revitalization initiatives. MassDevelopment, MassHousing, and DHCD – in consultation with MACDC and MassInc. – have begun the process of developing a *Neighborhood Stabilization Technical Assistance Hub and Fellows Network* to provide to communities specialized “start-up” support in rental licensing, inspection, and code enforcement as well as in receivership and other rehab strategies. This is the first stage in addressing a major challenge in many Gateway Cities, rural areas, and smaller cities with weak housing markets. By incorporating *S.1627* into the Economic Development bill pending before you today, the Legislature will empower cities, towns, CDCs, and other stakeholders to restore vacant properties to productive use, rehab occupied properties that need repairs, and stabilize neighborhoods for the long term.

This was a priority long before COVID-19, and we believe it will provide important strategies to help many of our communities effectively recover and rebuild.

As you and your colleagues shape this legislation, we urge you to do so with a focus on equity and racial equity. We are focused on those small businesses that are most vulnerable during this economic crisis, including those from historically underserved communities, including African American, Latinx, Asian, people of color, immigrant, and women. We also see significant challenges for businesses located in rural towns, Gateway Cities, and other low-income areas. In the same way that long-standing health and economic disparities are causing the COVID-19 crisis to have a greater impact in communities of color and low-income communities, the economic challenges that we face today are having a disproportionate impact on those same communities. And to be clear, minority-owned businesses play a critical role in our economy: according to the SBA, there are 125,988 such businesses in our state (SBA 2019 Small Business Profile for Massachusetts). Micro businesses are also critical to our economy with 500,000 people in Massachusetts working for a company with fewer than 20 employees. Given the scale of the challenge and the inevitable limits on our resources, the urgency of targeting resources to those who have suffered the most becomes even more imperative.

A final word about this specific moment as people across the Commonwealth rise and demand justice for Black people, for people of color, for everyone, we must match this urgency. On July 31, the Federal Pandemic Unemployment Compensation (FPUC) program ends. On August 18, the eviction and foreclosure moratorium for tenants, homeowners, and small businesses is set to expire. Many businesses supported by the federal Paycheck Protection Program loans will see those dollars dry up. We could be facing an even more serious economic cliff if we don't act now to prevent it.

In summary:

- Small businesses are hurting, and the pain is going to last for many more months if not years.
- Federal assistance has been important, but it is not reaching everyone – especially micro enterprises and minority-owned businesses.
- Massachusetts needs a comprehensive strategy that includes technical assistance, grants, and low-cost, long-term loans.
- Grants are essential to cover fixed costs like rent, insurance, debt service, etc. and to buy the necessary equipment, materials, and inventory needed to reopen.
- We urge the legislature to move quickly before we start to see many small businesses close their doors for good and see many families lose their homes.

Many of the important initiatives we have outlined above are proven and have helped families and businesses to succeed. We also believe that additional revenues and select investments, woven together, will allow us to realize our shared community economic development goals and will be quite transformative in helping families and small businesses facing intolerable hardship in the Commonwealth. We are committed to working with the

Legislature and the Administration to secure funding for these vital programs, and, as always, we look forward to our continuing collaboration and productive partnership to transcend the many obstacles we all must confront post-COVID-19.

Respectfully submitted,

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