

**Testimony to the
Joint Committee on Bonding, Capital Expenditures and State Assets
Re: H.4864, An Act investing in future opportunities for resiliency, workforce, and revitalized
downtowns.
June 24, 2022**

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I am pleased to submit this testimony on behalf of the Massachusetts Association of Community Development Corporations and our 97 member organizations who work every day to expand economic opportunity and fairness for families and communities across the state. Our members are rooted in the communities they serve and focus their efforts on closing long-standing and unjust racial, ethnic, gender and other disparities while helping all residents overcome the barriers that impede them from achieving their goals.

We are writing to express our support for this critical legislation and to specifically highlight several components that are particularly important. We also offer some recommendations for how to improve or strengthen the legislation. The memo is divided into three sections: (1) Bond Authorizations; (2) Policy proposals; and (3) Recommendations.

Bond Authorizations

We are delighted to see the legislature authorize additional bonding capacity for these critical programs.

- 7002-8048: \$400 million for infrastructure development through MassWorks.
- 7002-8051: \$50 million to improve, rehabilitate, or redevelop blighted, abandoned, vacant, or underutilized properties.
- 7002-8052: \$5 million for grants and technical assistance to municipalities and regional entities to support planning and local initiatives, including those related to community development, housing production, workforce training and economic opportunity, and climate resilience initiatives.
- 7002-8054: \$10 million for a competitive grant program to support economic development, job creation, and housing and climate resilience initiatives in rural and small towns.
- 7004-0070: \$32.1 million for state financial assistance in the form of loans for the development of community-based housing or supportive housing for people with

mental illness and/or intellectual disabilities, along with program changes to broaden its impact.

- 7004-0073: \$73.1 million the Housing Stabilization and Investment Trust Fund, for the acquisition, preservation, and rehabilitation of affordable housing, including foreclosed and distressed properties.
- 7004-0075: \$19.3 million for a 5-year program to demonstrate cost effective revitalization methods for state-aided family and elderly-disabled public housing.
- 7004-0076: \$29.5 million for the Housing Innovations Trust Fund, to support the production of innovative and alternative forms of rental housing.
- 7004-0079: \$11.7 million to support smart growth, affordable housing in close proximity to transit nodes.
- 7004-0081: \$95.2 million to rehabilitate State public housing, to allow local housing authorities to plan for capital improvements, abate hazardous materials, and remodel homes for persons with disabilities.
- 7004-0084: \$1 million for the creation and preservation of sustainable and climate resilient affordable multifamily housing. We are pleased to see this program in the legislation but believe that a much more substantial investment is necessary and possible with ARPA funds and/or state surplus dollars. Indeed, more than 100 organizations have already [written to the legislature](#) calling for the creation of a Zero Carbon Renovation Fund and we urge its inclusion in this bill.
- 7004-8026: \$6.9 million for the Chapter 40R Smart Growth Housing Trust Fund.

Policy Proposals

MACDC is also strongly supportive of several policy reforms included in this legislation. Specifically, we want to voice our support for provisions that would accomplish the following:

1. **Require a comprehensive state plan for supporting businesses of color, micro enterprises and other socially and economically disadvantaged business owners (Section 6)** - The legislation would require the state's quadrennial economic development strategy to include an assessment of racial and ethnic disparities in small business growth and initiatives to narrow these gaps. The Executive Office of Housing and Economic Development would also be required to report on the share of economic development tax credits and grants provided to businesses of color. We believe these requirements will make the plan more meaningful and impactful and ensure that it helps to close disparities while expanding opportunity for everyone.
1. **Improve supplier diversity at anchor institutions (Section 7)** – The legislation would require anchor institutions – large universities and hospitals – to report to the state on their supplier diversity efforts and results.

2. **Strengthen neighborhood business districts (Section 9)** –The legislation would dedicate a portion of online sales tax revenue to fund Main Streets, business improvement districts, cultural districts and other efforts to revitalize business nodes where large numbers of businesses of color operate and which have been hit hard by the pandemic and the growth of online retail. We are also very pleased that MACDC will be able to participate in the Small Business District Improvement Fund Advisory Board.
3. **Promote employee ownership (Sections 10 & 11)** – the legislation includes the creation of a new employee ownership advisory board and the creation of the Massachusetts Center for Employee Ownership. We applaud these initiatives to empower workers and build both economic opportunity and wealth.
4. **Make changes to the Brownfields Redevelopment Fund Program to broaden its availability and impact (Sections 12-26)**- The legislation would, among other changes, allow grants to be made to projects not tied to the Massachusetts Oil and Hazardous Material Release Prevention and Response Act; adjust the definition of priority projects to include substantial municipal funds even if those funds have not yet been received by the project; increasing the maximum awards to \$250,000 for environmental site assessments and to \$750,000 for environmental cleanups; and allow the grant applicant's 20% contribution to the project to include in-kind services or other non-cash contributions.
5. **Strengthen state's receivership statute to promote homeownership (Section 105)** - This section amends M.G.L. c. 111, section 127I to permit a court to allow the sale of a vacant receivership property to a nonprofit entity for the fair market value of the property "as is," in order for the nonprofit entity to rehabilitate the property and sell it affordably to an income-eligible first-time homebuyer. In this way the amendment would leverage a municipality's code enforcement work to create an inventory of affordable properties, thereby simultaneously reducing blight, promoting homeownership among low- and moderate-income communities, and stabilizing neighborhoods. The proposed amendment would align closely with the work being done through the state's [Neighborhood Hub](#) which Legislature created a few years ago and is generating real momentum at addressing issues related to vacant and dilapidated properties in Gateway Cities across the Commonwealth.
6. **Expose Predatory Lending Practices (Section 121)** – The legislation would require the Division of Banks to collect and report data on the practices of online lenders. We believe this is essential to give the Commonwealth a better understanding of the impact that on-line lending is having on our small businesses, especially those most vulnerable to predatory and unsafe lending practices. Indeed, our members frequently encounter business owners who are struggling due to such dangerous loans and this can be especially true for micro-enterprises and businesses owned by people of color who have less access to traditional small business financing.

7. **Diversify Public Boards (Section 131)** – The legislation would require all public boards and commissions – including those responsible for economic development - to adopt policies and practices to increase racial and ethnic diversity of their membership. It further requires an annual report documenting progress on achieving better diversity on these boards and commissions.

Recommendations

We believe that this legislation could be strengthened by making a few modifications or additions that address critical issues facing the Commonwealth.

1. **Brownfields Redevelopment Fund** – While we appreciate the proposed language to make the program more flexible, these changes will not be impactful without significant new funding. I currently serve as the Chair of the Brownfields Redevelopment Advisory Committee and in this capacity, I am very familiar with both the incredible success of this program and the challenges it has faced due to inadequate funding. The Legislature previously authorized \$45 million in bonds for the program and we believe that between \$25 million and \$30 million of the prior authorization is still available. The problem has been that the Governor has allocated only \$2.5 million per year in bond cap to this program. We believe that this program needs closer to **\$10 million per year** to meet the demand based on spending levels during the Patrick Administration, the continued need to clean up contaminated land, and the changes proposed in this bill. We also think Mass Development can build a more robust pipeline if the program is fully capitalized for several years as was done during the first 15 years of the program. Indeed, the program was originally capitalized with \$30 million more than 20 years ago and a similar funding level is needed now. **We respectfully request that the Legislature use surplus revenue or ARPA dollars or a combination of both to fully fund the program and avoid the reliance on annual borrowing.**
2. **Tenant Opportunity to Purchase Act** – Last session the Legislature included the Tenant Opportunity to Purchase Act in the Economic Development bill only to see it vetoed by Governor Baker. This was immensely frustrating because this commonsense legislation would provide important protections for tenants and slow evictions and displacement while imposing only modest limitations on the ability to property owners to sell their properties. We need this legislation because new housing development, while essential, will not address the growing crisis in our existing housing stock where out of state and often foreign investors are buying properties, evicting tenants, raising rents and disrupting communities. The legislation was refiled this year as S. 890 and H. 1426 with adjustments designed to address concerns raised by the Governor and property owners. We strongly urge the Legislature to once again include this critical legislation in the Economic Development bill and we refer the committee to our [prior testimony](#) on this legislation.

3. **HOMES Act** – Last year, the Legislature also included the HOMES Act as part of the economic development bill, and it too was vetoed by Governor Baker. This legislation has been refiled as H.4505 and would protect tenants from being unfairly marked with an eviction record by establishing a process for tenants to petition the court to seal an eviction record on a case-by-case basis. H. 4505 would:

- Allow tenants facing no-fault eviction to seal their records after the conclusion of the case.
- Allow tenants to seal the case within 14 days of satisfying a judgment, for example if they pay what is owed in a nonpayment case.
- Allow tenants who faced a fault eviction to seal their records after 3 years without another eviction case.
- Make it illegal for a tenant screening company or landlord to use or report a sealed court record.

MACDC members own nearly 20,000 apartments across the state so we fully understand the impact that evictions have on families so we strongly recommend adding this legislation to this bill.

4. **ARPA Investments** – As we have said in prior testimony to the Legislature, we believe the state should use its Federal ARPA dollars to make transformative investments in a range of economic development and housing initiatives. These investments take time to implement so we should not wait until 2023 when time is of the essence to build and rehab housing, invest in climate resilience, and create more rental and homeownership opportunities. We refer you to our [prior testimony](#) to the Joint Committee on Economic Development and Emerging Technologies.