



Testimony

By

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Before

Joint Committee on Economic Development and Emerging Technologies

Re: An Act investing in future opportunities for resiliency, workforce, and revitalized downtowns

May 9, 2022

Thank you for the opportunity to testify on behalf of the Massachusetts Association of Community Development Corporations and our 97 non-profit members in support of economic development legislation that propels our state toward a more equitable, inclusive, prosperous and sustainable future.

MACDC's members include all 63 state-certified CDCs along with 34 other community organizations that build and maintain affordable housing, support small businesses and local economic development, and take a comprehensive approach to community improvement that helps low- and moderate-income households achieve economic security. Our members have built over 20,000 affordable homes, help thousands of business owners annually and help tens of thousands of families every year with a wide range of services and programs.

This year's economic development bill provides a special opportunity to use one-time Federal Funds from the American Rescue Plan Act (ARPA), bond funds, and potentially surplus state revenues to make a series of transformative investments that will make the Commonwealth a more equitable place where everyone has a fair opportunity to thrive. MACDC agrees with Governor Baker that this legislation should include major investments in three areas – Economic Development, Affordable Housing and Clean Energy. Specifically, we urge the legislature to include the following investments.

Investing in Economic Opportunity for All

Small Business Relief and Recovery Fund (\$300 million) – For two years, our small business community has demonstrated courage, commitment and extraordinary optimism as entrepreneurs have fought to survive the COVID-19 pandemic and the resulting economic disruption. This has been particularly true for under-resourced smaller businesses owned by people of color, immigrants, women, and lower income entrepreneurs who have smaller



financial reserves and less access to the resources, connections, customers and technology needed to survive and rebound from this crisis. Today, the crisis in our small business community continues, as does the opportunity for transformative investments that can close disparities and expand opportunity. We appreciate the investments that the Legislature has already provided to support the small business community and applaud the investments proposed by the House in their FY 23 budget proposal. Now we can build on that track record. This Fund would (1) provide grants and technical assistance to BIPOC and other under resourced businesses and (2) provide investment capital for non-profit financing institutions to fill financing gaps for these small businesses. We think the Fund could build deeper investment in several existing programs that have demonstrated their efficacy, including

- Small Business Technical Assistance Program
- Microlending operations & CDFI Lending Capital Matching Grant program
- Biz-M-Power Grant Program
- Empower Digital Grant Program
- The Inclusive Grant Program

Together, these investments will ensure a strong, culturally competent small business ecosystem that can drive transformational change in our small business economy. This proposal is being advanced by the Coalition for an Equitable Economy, of which MACDC is a proud founding member, and more than 54 groups who recently [wrote](#) to the Legislature to urge its adoption.

Brownfields Redevelopment Fund (\$30 million) – This program was created in 1998 and has financed 765 Brownfield Remediation projects across the Commonwealth. Cleaning contaminated land is critical to drive 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. We are pleased to see the Governor propose \$7 million for Brownfields projects but we think a larger investment of \$30 million is needed. Indeed, 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. We also believe that specific projects should be funded through Mass Development’s existing transparent and equitable process, rather than through earmarks.

[Investing in Housing Security and Opportunity](#)

Emergency Rental Relief (\$200 million) – Massachusetts, with the assistance of unprecedented federal funding and the extraordinary efforts of regional nonprofits, stepped up to forestall a massive wave of evictions with emergency rental assistance (ERA), assisting more than 60,000 households since the pandemic’s inception. In order to meet this challenge, with federal funds

nearly depleted, we will need to increase funding for RAFT in the state's annual operating budget (as the House has already proposed) and take advantage of the remaining ARPA dollars to ease the transition and avoid a major spike in evictions this year. We request an additional \$200 million in ARPA funds to ensure families continue to receive the assistance they need.

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, the Citizens Housing and Planning Association, 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.

Rental Housing Preservation and Development (\$150 million)

The initial ARPA spending bill included \$115 for rental housing production and preservation, and \$150 million for permanent supportive housing for priority populations including, among others, chronically homeless individuals and families, veterans, and seniors. The National Low

Income Housing Coalition's Out of Reach Report ranks Massachusetts as the third least affordable state for renters. Furthermore, 60% of extremely low-income renter households pay more than half of their income for rent. We simply must do more to meet the extraordinary need for safe, affordable rental housing. Therefore, we request \$150 million to produce and preserve affordable rental housing and to provide permanent supportive housing for the Commonwealth's most vulnerable residents.

Investing in an Equitable Clean Energy Future

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 of ARPA funds to rapidly renovate the Commonwealth's existing buildings to zero carbon. Administered through 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.

We also encourage the Committee to include in the final economic development bill provisions from S.270/H.505, An Act to Promote Inclusive Entrepreneurship and Economic Justice. This committee reported the bill out favorably on March 3 and we think it would be appropriate to include it as part of this comprehensive legislation.

This legislation will position the Massachusetts economy for stronger and more equitable growth through the following actions:

- **Mandate a Comprehensive Plan for Supporting Businesses of Color:** 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.

- Diversify Public Boards – 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.
- Improve Supplier Diversity at anchor institutions – The legislation would require anchor institutions – large universities and hospitals – to report to the state on their supplier diversity efforts and results.
- Strengthen Neighborhood Business Districts –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.
- Expose Predatory Lending Practices – The legislation would require the Division of Banks to collect and report data on the practices of online lenders.

Thank you again for the opportunity to offer this testimony. We would be happy to answer any questions or discuss these topics further with committee members and/or staff.