

**Testimony**  
**by**  
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**Massachusetts Association of Community Development Corporations**  
**In favor of**  
**The Community Development Partnership Act (H.988/S.1427)**  
**Before the**  
**Joint Committee on Community Development and Small Business**  
**June 1, 2011**

Good Morning. My name is Joseph Kriesberg and I am the President and CEO of the Massachusetts Association of Community Development Corporations (MACDC) and I am here to testify in support of the Community Development Partnership Act (H.988/S.1427.)

Twenty-five years ago a group of residents in the Jamaica Plain neighborhood of Boston began talking about what to do with the abandoned and blighted Haffenreffer Brewery Complex which had been sitting vacant for years. The residents were determined to redevelop the complex as a job center even though all the real estate experts told them it was not possible. But unlike large regional or national development companies who could look for opportunities elsewhere, these residents had no choice but to find a way to redevelop the complex and improve their neighborhood. The residents worked with the Jamaica Plain NDC, at the time a fledgling new CDC, and began redeveloping the site brick by brick, job by job, building by building, until 2009 when the final building was finished and the site was completely redeveloped. Today, the complex is home to more than 50 businesses and 500 jobs, more jobs than the old brewery provided at its peak, and last month it won a highly prestigious national award from the National Development Council.

This story is not unique to Jamaica Plain. In Chelsea, residents have worked with Chelsea Neighborhood Developers over the past few years to transform the Box District Neighborhood into a vibrant residential, transit oriented community.

In Franklin County, the CDC has been making loans to aspiring entrepreneurs for more than 20 years and for the past 10 years has helped local farmers, caterers and

restaurants grow their businesses through the Western Mass Food Processing Center. One of their clients, Hillside Pizza, just opened its third restaurant and now employs over 50 people.

In Worcester, the Main South CDC has partnered with Clark University on the University Park Neighborhood Restoration Partnership program, which is addressing the many needs of the community that are fundamental to its vitality and well being, ranging from housing, to employment, to public safety, to recreation and education.

In Fitchburg and Dorchester and other neighborhoods, residents are working with their CDCs to redevelop foreclosed properties, and throughout the state CDCs have helped thousands of homeowners avoid foreclosure by assisting with loan modifications.

Throughout the Commonwealth, local residents and businesses work together through their CDC to expand economic and housing opportunities and improve the quality of life in their communities. Some projects are big and some are small, but in the aggregate the impact is dramatic. Over the past four years, our members have:

- Engaged almost 2,000 community leaders each year who volunteered in CDC activities;
- Built or preserved 5,162 homes;
- Created or preserved 8,384 job opportunities;
- Assisted 6,422 entrepreneurs to start, grow, or stabilize their businesses;
- Supported 140,112 families with housing, jobs, foreclosure prevention counseling, homebuyer education and other services; and
- Attracted almost \$1.1 Billion in both public and private investment to support their community improvement efforts.

Yes, more than \$1 billion of investment in four years. You can read more about these achievements in our GOALS Report that we have attached to our testimony.

And we believe that we can do more - much more.

The Community Development Partnership Act would strengthen these efforts by attracting new private philanthropy and investment to support high impact community development initiatives across the state. The bill is based on successful laws in several other states, including Pennsylvania and New Jersey, where tax credits for donations have leveraged private contributions to support high performing organizations. You will be hearing more about the Pennsylvania and New Jersey models later this morning. We also incorporated the best aspects of successful federal models such as the Community Development Finance Institutions program (created in 1995.) Finally, the bill also looks to advance other best practices that have emerged over the 30-plus year history of the field here in Massachusetts. In fact, this legislation builds directly on the framework established by the legislature just last year when you updated the CDC-enabling law, Chapter 40H. In short, the proposal before you today is grounded in proven models. At the same time, it sets up a framework that will drive innovation, continual learning, and widespread replication of best practices.

I have attached a written summary that explains in detail how the program would work. To summarize, non-profit organizations would apply through a competitive process to receive an allocation of tax credits from DHCD. To receive credits, the organization would have to demonstrate that community residents are meaningfully represented on the board of directors and that the organization engages local community members in setting and implementing its agenda. The group would also have to submit a detailed business plan that outlines its goals, strategies, and capacity for improving economic opportunities for local residents. Applicants would have to demonstrate that they have the technical and financial capacity to succeed and would have to describe how they would measure their success. DHCD will pick the highest quality applications. The bill sets aside 30% for Gateway Cities and 20% for rural areas.

Once selected, the groups would use the credits to attract private donations from corporations and individuals. With a 50% tax credit, the state's investment would be

leveraged dollar for dollar with private investment. The community would then use these resources to leverage further dollars for specific programs and projects.

We think this approach has six major benefits:

1. **Expands economic opportunity:** This legislation will spur economic activity through the creation and preservation of homes, jobs, and local businesses. Community development expands opportunity for families, seniors and youth across the economic spectrum and helps to ensure that our economic recovery reaches all of our communities. Based on the economic impact we've documented over the past four years by CDCs, we anticipate that, over the first five years of the program, a state investment of \$24 million will support a total economic impact of \$1.2 to \$1.5 billion across the state.
2. **Generates broad community benefits:** Improving our built environments through community development initiatives also improves public health and safety, supports educational achievement, helps protect clean air, water, parks and natural spaces, and increases civic engagement. By focusing on untapped opportunity in low and moderate income neighborhoods and by enabling lower income families to achieve their economic potential, community development benefits everyone and strengthens the entire Commonwealth.
3. **Promotes community driven solutions:** The bill will help community residents, local businesses, and other local stakeholders develop and implement locally devised strategies that meet the needs and take advantage of the opportunities of their specific local context. It will generate market-based, strategic initiatives tailored to the local community's efforts to reduce foreclosures, prevent homelessness, create jobs, and grow new businesses.
4. **Leverages private investment that stays in the community:** The bill will attract new private philanthropy to support these community driven solutions. A new state tax credit will generate two dollars of private investment while costing the state just one dollar in foregone tax revenue thereby doubling the impact of the state's investment. All of these funds will stay in the community because CDCs, by law, must invest all of their funds in activities that benefit the community and serve a public purpose. These tax credits will stay in the Commonwealth and be continually recycled for additional economic benefit.
5. **Supports high performance organizations:** The program will be competitive and performance based, with each organization identifying the specific outcomes and impacts

that they seek to achieve and being held accountable for them. This program is designed to institutionalize the best practices in community development that have emerged in recent years – long term planning, robust community engagement, market based solutions, savvy business practices, strategic deployment of resources, comprehensive approaches, collaboration and thorough evaluation.

- 6. Ensures accountability:** Organizations that receive tax credits will be accountable to three key constituencies – (1) local community members and leaders, (2) private donors, and (3) the taxpayers and citizens of the Commonwealth (through the Department of Housing and Community Development )– ensuring that their programs and activities are well designed and effective.

This proposal is gaining widespread support because it is based on a proven formula for success and will generate broad benefits for the Commonwealth. Forty-six legislators have co-sponsored this legislation, along with our lead sponsors, Senator Sal DiDominico and Rep. Linda Dorcena Forry. And today, more than 50 organizations and leaders are submitting favorable testimony. These supporters include Mayors, bankers, foundations, think tanks, construction companies, environmental organizations, public health advocates, public safety officials, educators, and practitioners (a full list is included with my testimony.) The breadth of support reflects the extraordinary impact that high quality community development can have across a range of outcomes.

Thanks in large measure to the actions of the legislature and the governor, The Massachusetts economy is beginning to recover with unemployment dropping, state revenues slowly recovering and foreclosures trending down. We still have a long way to go, but we can begin to see progress. The CDPA will help to ensure that this recovery continues and that it reaches every community, every neighborhood and every family. We must do this because we know that, in the words of the late Senator Paul Wellstone, “We all do better when we all do better.”

Thank you for your support and for your leadership. We encourage you to report this bill out favorably and work with us to put this bill on the Governor’s desk before the end of this session.

I would be happy to answer any questions that you may have.