

# Investing in Impact: How the Massachusetts Community Investment Tax Credit is Improving Communities and Changing Lives

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## Part I - EXECUTIVE SUMMARY

*With nearly \$24 million raised in 2014, 2015, and 2016 combined, the CITC program is driving success across the Community Development sector in Massachusetts.*

The Community Investment Tax Credit was enacted by the Massachusetts Legislature in 2012 in order to “enable local residents and stakeholders to work with and through community development corporations to partner with nonprofit, public and private entities to improve economic opportunities for low- and moderate-income households and other residents in urban, rural and suburban communities across the Commonwealth.” (M.G.L. c. 62, § 6M and M.G.L. c. 63, § 38EE)

This report examines whether the program, during its first three years of operation from 2014 to 2016, made progress toward this goal.

The results of our research suggest that the Legislature’s objectives are indeed being met by the CITC program. Our key findings include:

- In 2015 and 2016, CDCs participating in the CITC program: created or preserved 2,916 homes; created or preserved 8,742 job opportunities; started, grew or stabilized 1,420 businesses; and served 132,038 families.
- The program generated nearly \$24 million in private philanthropy for community development over the first three years of the program, with the funding growing dramatically each year from \$4.7 million in 2014 to \$8.2 million in 2015 to \$11 million in 2016.
- Donations are coming from new supporters, in particular those from individuals who comprise 64% of the total donations and 40% of the total dollars secured. CITC is also attracting new and larger investments from small businesses, large companies and nonprofit institutions.
- CDCs have become increasingly proficient at cultivating new donors and stewarding existing ones as virtually every CDC has been able to increase their CITC utilization year over year.
- The United Way of Massachusetts Bay and Merrimack Valley, as the designated administrator of the Community Partnership Fund, raised \$4 million for CDCs over these three years, with increasing amounts each year.
- Flexible funding is enabling CDCs to deepen their resident and community engagement, with 76% of the CDCs using these resources to expand their community engagement efforts.
- CITC is enabling CDCs to hire new staff, increase their operating budgets and stabilize their finances, despite the reduced availability of federal funds.
- CITC has both encouraged and enabled CDCs to invest in data management, evaluation and communications capacity.
- New funding is fueling new and expanded programming in a broad range of community development arenas from affordable housing to arts & cultural programming, thereby

demonstrating that CITC is fostering more comprehensive approaches to community improvement.

- CITC is helping CDCs leverage new private and federal dollars. Over the past two years \$9.6 million in tax credits have supported a total investment of over \$1.2 billion in local communities.

Beyond the numbers, the CDCs consistently report that CITC has transformed their organizations, enabling them to deepen resident engagement, act more strategically and collaboratively, and make meaningful progress toward improving the communities they serve and enhancing opportunities for the people living in those communities. In the words of one CDC, "CITC has been a game changer."

## Methodology

This report builds on the CITC program evaluation published in December 2016 by Next Street and Ann Donner Consulting. MACDC used data from four sources to supplement the findings from last year's report to provide an updated look at how the CITC program was performing. We used the following data sets:

1. Detailed data on every single CITC donation made between 2014 and 2016, a total of over 4,000 donations. This data was provided to us by the Department of Housing and Community Development.
2. Survey results from all participating CDCs who were required to answer a series of questions designed by DHCD and MACDC relating to how they were using CITC resources to strengthen their organizations. The survey was conducted between January and March of both 2016 and 2017.
3. Data collected through the MACDC GOALS Report that documents CDC performance in six broad areas of community development.
4. Testimonials written by CDCs in which they share how CITC has helped their organization.

MACDC and DHCD have been and will continue to collect these data points every year so we can begin to identify trends and areas for improvement as well as the cumulative impact of this program.

## What is the Community Investment Tax Credit?

The Community Investment Tax Credit provides a 50% refundable state tax credit for donations to selected Community Development Corporations and Community Support Organizations in Massachusetts.

The CITC program is designed to attract partners and financial supporters of CDCs, increasing the scale of their impact across the Commonwealth.

For more information, please go to the CITC Background & History section (<https://macdc.org/citc>) of MACDC's website.

## Part II - CITC FUNDRAISING BY THE NUMBERS

*Community Partners have been able to raise more money each year since the program was launched in 2014.*

*"From 2014 through 2016, the CITC allowed the Jamaica Plain Neighborhood Development Corporation (JPNDC) to raise nearly \$800,000 in revenue from 82 individual and corporate investors, nearly all of whom were either new donors or past donors who significantly increased their gifts because of the CITC." - Jamaica Plain NDC*

Through the CITC program, Community Partners<sup>1</sup> raised \$4.7 million in 2014, \$8.2 million in 2015, and \$11 million in 2016. In 2015, the program raised 74% more than in 2014; in 2016, the increase was a 134% more than in 2014. The program also attracted more individual donations each year, growing from 1,013 donations in 2014 to 1,570 donations in 2015 to 1,883 donations in 2016.

The tables below present a quick snapshot of a few key data points; however, MACDC prepared an extensive set of online interactive data visualizations. Check it out to learn more about how the CITC program is driving significant investment into participating organizations across the Commonwealth.

The program growth is the result of several factors. First, the program was capped at \$3 million in credits in 2014 and \$6 million in 2015 and 2016 so much of the growth reflects the

*"The CITC program has been a valuable fundraising tool for us as we have been able to increase donations from individual, corporate, and foundation donors as well as attract NEW (and engaged) donors to our organization," Lawrence CommunityWorks*

fact that more credits were available in 2015 and 2016<sup>2</sup>. Also, credits can be used for three years, so unused credits in 2014 and 2015 were still available in 2016. The program is unlikely to continue to see such growth in 2017 and beyond unless the legislature increases the cap beyond \$6 million. The total amount of dollars raised is also a function of more CDCs entering the program. There were 36 CDCs in 2014, 42 in 2015 and 44 in 2016. Finally, the growth reflects the fact that CDCs, Community Support

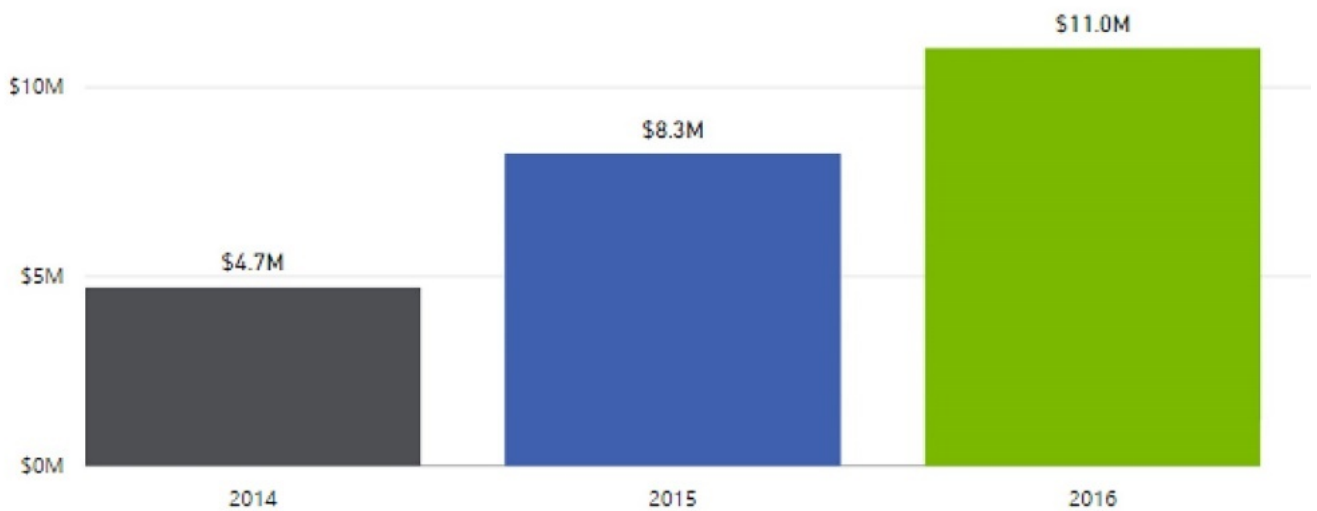
<sup>1</sup> The term "Community Partner" refers to CDCs participating in the CITC and the two Community Support Organizations (MACDC and the Local Initiatives Support Organization) designated by DHCD to provide capacity building services to CDCs. The United Way of Mass Bay and the Merrimack Valley is the program's designated Community Partnership Fund and raises funds on behalf of Community Partners.

<sup>2</sup> While DHCD was allowed to allocate \$6 million in credits in 2016, they only issued \$5,260,000. Because there were enough credits left over from prior years and not sufficient demand to use all of them. In 2017, DHCD once again allocated all \$6 million in allowable credits.

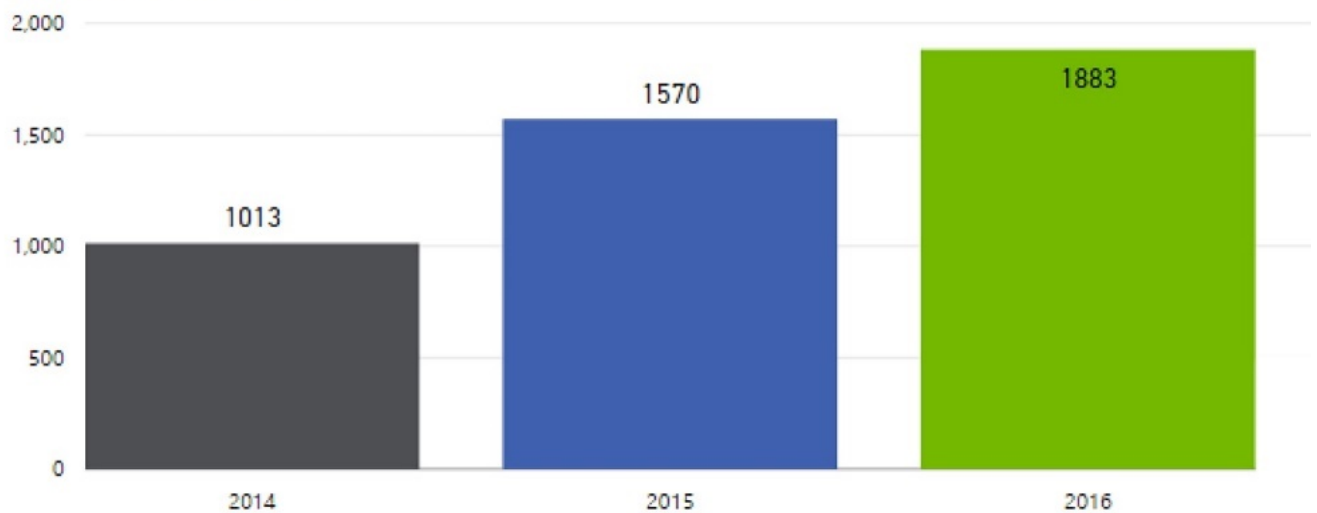
Organizations and the United Way have all become increasingly proficient at using the credits and donors have become increasingly comfortable using them. CDCs have sharpened their messaging, improved their ability to document impact, cultivated and stewarded donors and invested more staff resources in fundraising. At the same time, more and more donors have become aware of the program from lawyers, accountants, financial advisors and from the promotional efforts of the United Way and MACDC.

*“Before 2014, SCC raised approximately \$40,000 annually through donor appeal. Through CITC, SCC has been able to increase its donations significantly, reaching \$385,000 in donations in 2016. This also allowed us to cultivate relationships with 88 new donors who support our mission,” Somerville Community Corporation*

Donations by Year: Funds Raised



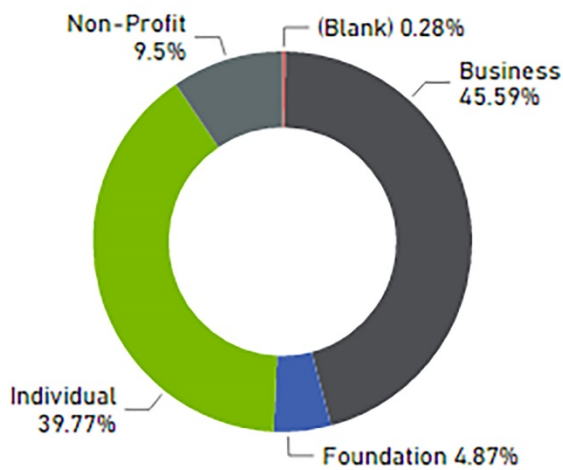
Donations by Year: Instances



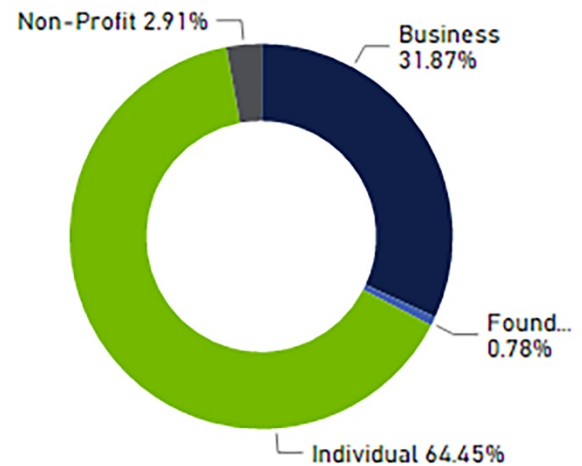
Importantly, the program is also effective at donor retention, with many donors repeating or increasing their donations in subsequent years.

Another source of growth for the program has come from United Way of Massachusetts Bay and Merrimack Valley, which was designated as the Community Fund Administrator for the CITC program in 2014. In this role, United Way not only raises funds for individual organizations participating in the program, but also collectively for those organizations, as a group, that transfer credits to United Way to raise on their behalf. In this role, United Way raises funds not for any individual organization participating in the program, but collectively

2014, 2015, and 2016 Fundraising % by Category



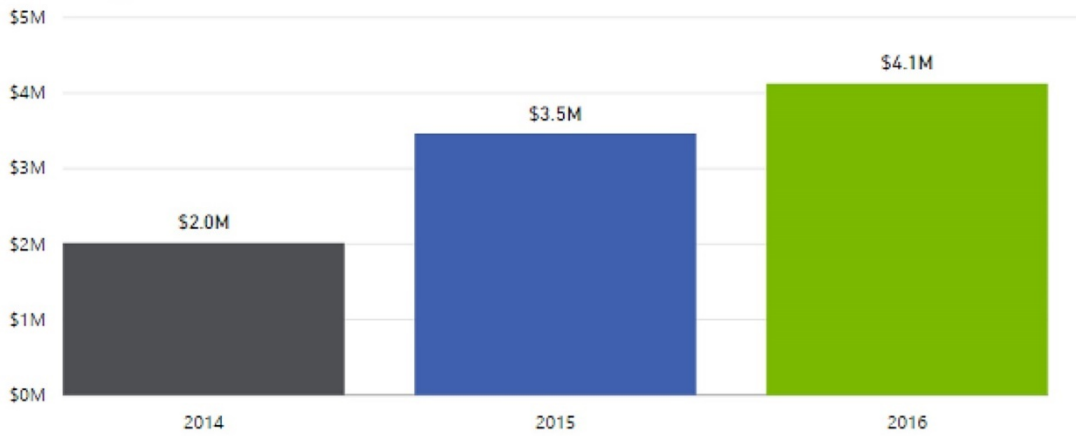
2014, 2015, and 2016 Fundraising % by Instances



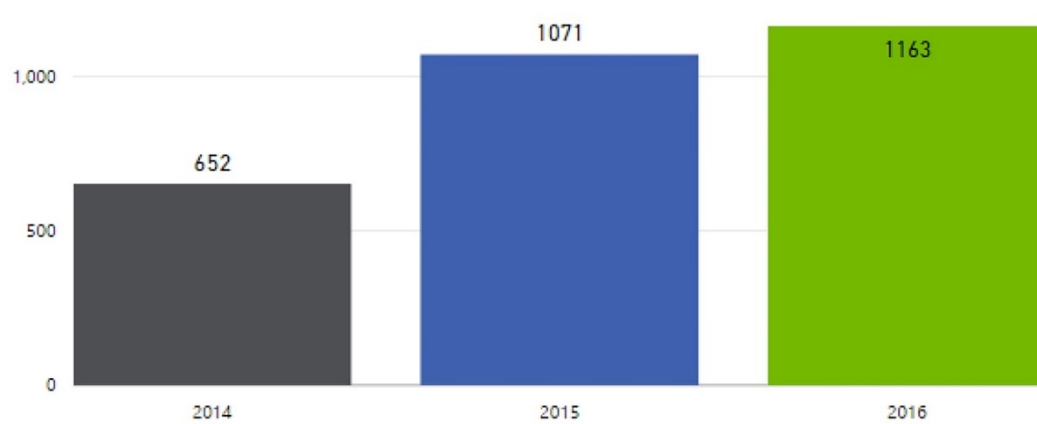
*Individuals Donors, Businesses, and Nonprofits are using CITC to power their support of CDCs.*

**Individual Donors:** Historically, CDCs have not attracted significant donations from Individuals even though individual giving is the largest source of philanthropy in the non-profit sector generally. Through the CITC program, however, this has changed. In 2014, 64% of the donations were from individuals and accounted for just over \$2 million raised through the program. In 2015, 68% of the donations were from individuals and accounted for \$3.4 million of the funds raised. In 2016, 61% of the donations were from individuals and accounted for \$4.1 million of the funds raised. This trend highlights that individuals are willing to use the CITC program thereby enabling CDCs to significantly diversify their revenue sources and become financially more stable. These individual donors are also becoming new champions and partners for CDCs locally and statewide.

Donations by Year: Funds Raised



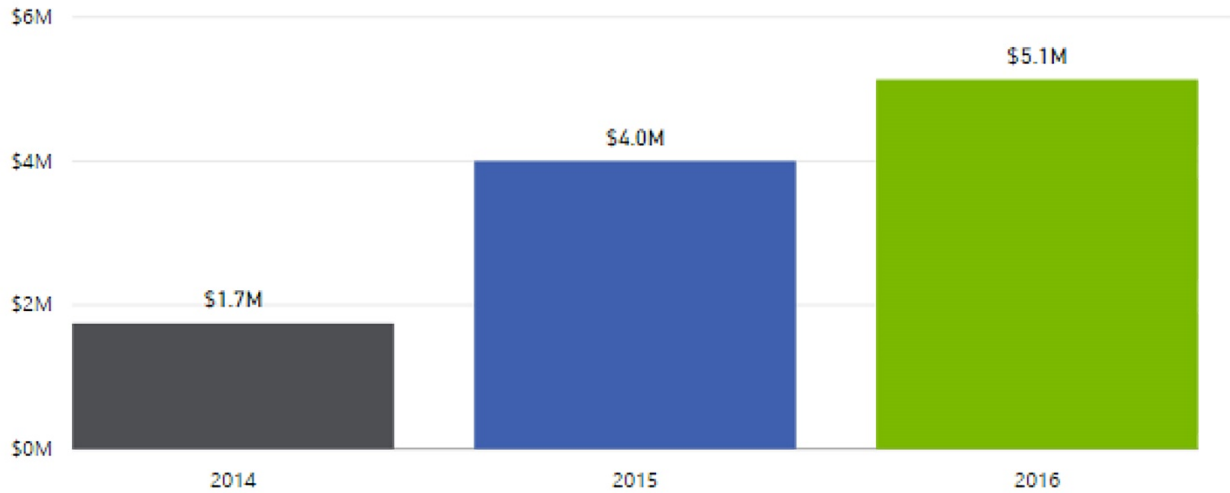
Donations by Year: Instances



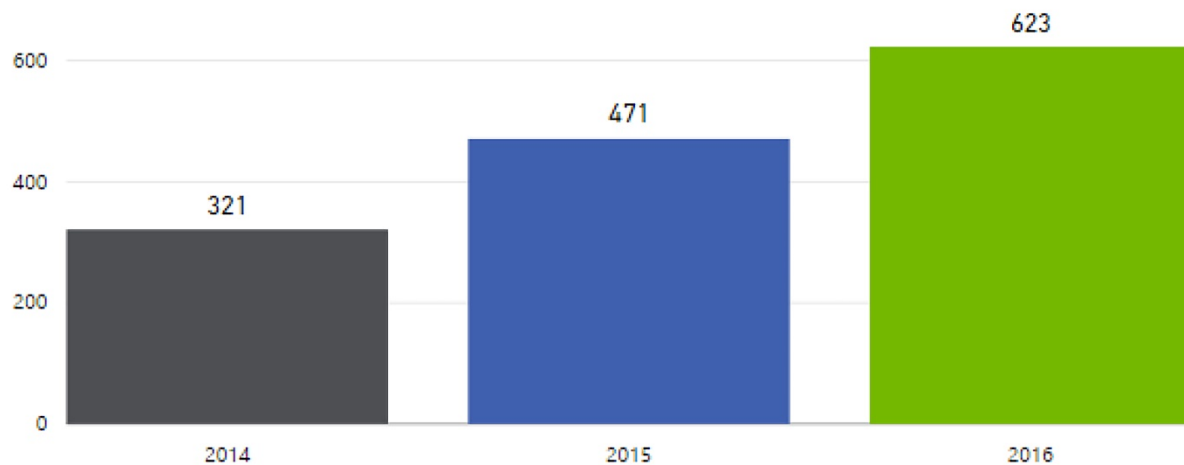
**Business Donors:** While individuals provide a majority of the donations, businesses are now providing the majority of the dollars because their donations are much larger on average. Business have provided between 30 and 33 percent of the donations each year (2014: 32%; 2015: 30%; 2016: 33%). At the same time, businesses donated \$1.7 million in 2014 (36% of the total funds), \$3.9 million in 2015 (48%) and \$5.1 million (46%) in 2016.



Donations by Year: Funds Raised



Donations by Year: Instances



**Non-profit and Foundation Donors:** While still accounting for the smallest percentage of donors overall in the first three years of the CITC program, nonprofits and foundations are the largest growing segment of donors with 40 donations in 2014 (0.95 million), 28 (0.79 million) in 2015, and 97 (1.71 million) in 2016. Significantly, in 2016, a Bay State Medical Center made two CITC donations of \$250,000 each, marking by far the largest CITC investment to date by a hospital. As hospitals look to invest more fully in addressing the Social Determinants of health, this could be a source of additional CITC donations in the future.

Unlike businesses (and individuals), most nonprofits do not have experience using tax credits, as they are tax exempt. Therefore, it often requires more time to explain that non-profit institutions can participate because the CITC is refundable so individuals and organizations with no tax obligation can still receive a tax “refund” from the Massachusetts Department of Revenue. This is a key distinction between CITC and some other tax credits which are transferable but not refundable. As more organizations learn how to participate, we expect this segment of donors to grow.

*“The availability and utilization of the CITC program, has helped us in our fundraising efforts, most notably resulting in a \$150,000 foundation gift for our new location. Our annual fundraiser netted a 56% increase in revenue, much of it linked to the increase in corporate sponsorships and individual donor gifts resulting from the availability of the CITC,”*  
Groundwork Lawrence.

**Most CITC donations are received late in the year, but this is changing.**

CITC FUNDRAISING TOTALS BY QUARTER

Year	Quarter	Donations
2014	Qtr 1	\$71,100
2014	Qtr 2	\$372,504
2014	Qtr 3	\$733,633
2014	Qtr 4	\$3,532,175
2015	Qtr 1	\$313,135
2015	Qtr 2	\$853,310
2015	Qtr 3	\$1,012,679
2015	Qtr 4	\$6,075,301
2016	Qtr 1	\$413,537
2016	Qtr 2	\$1,621,889
2016	Qtr 3	\$2,005,840
2016	Qtr 4	\$6,992,242
<b>Total</b>		<b>\$23,997,345</b>

It should not come as a surprise that most CITC donations come at the end of the calendar year. In 2014, 75% of all funds came in the fourth quarter. In 2015, it was 74%; and in 2016 we began to see donations spread out more evenly with 63% of them coming in the final quarter. Some of this shift is likely due to the fact that repeat donors are giving earlier in the year and CDCs are actively trying to encourage donors to give earlier. We are also beginning to see nonprofits and businesses make CITC donations earlier in the year. For example, 24 business donations were made on June 27<sup>th</sup>, which possibly indicates donations made at the close of a fiscal year. Shifting donations earlier in the year not only helps participating organizations feel less pressured during the last quarter of the year, but also reduces the burden of reviewing CITC forms by the Department of Housing and Community Development at

the end of the year. Individual donations are likely to remain heavily concentrated in the fourth quarter (and especially December), as the window between making a CITC donation and receiving a refund and/or reduction in one’s state tax obligation is significantly reduced.

## Part III - CITC IS BUILDING CDC CAPACITY

### *CDCs leverage CITC funds to secure other funding and increase their operating budgets.*

In 2015, 38 CDCs (80.9%) said CITC funding enabled them to leverage non-CITC funding. Forty (85.1%) said they expect their operating budget for the next fiscal year to increase because of CITC-related investments. In 2016, all 50 CDCs (100%) said both that the CITC funding enabled them to leverage non-CITC funding and that they expect their operating budget for the next fiscal year to increase because of CITC-related investments. Indeed, we saw a nearly 6% overall increase in CDC operating budgets between 2015 and 2016.

*“The tax credit has given us the flexible funding that we need to invest in new programs and services that our region needs. For example, funding from CITC enabled us to determine that many communities in our part of the state needed help dealing with lead paint. This initial investment paid off, as we have now been able to deploy a lead paint hazard reduction program with (additional) funding from the US Department of Housing and Urban Development to help delead homes in Fitchburg, Athol, Clinton and Gardner. Similarly, we saw a need to assist rural businesses and we were awarded funding from the US Department of Agriculture to provide small business assistance to rural businesses including the many farms in the area.” - New Vue Communities*

### *When organizations experience a funding decrease, CITC funds help them fill the gap.*

Outside of the CITC, 13 CDCs experienced a decrease in State or Federal funding in 2015. CITC investments helped cover that gap for 11 (84.6%) of them, fully covering the gap for one CDC and covering it in part for ten CDCs. Similarly, 19 CDCs experienced a decrease in State or Federal funding in 2016. CITC investments helped cover the gap for 16 (84.2%) of them, fully covering it for two CDCs and partially covering it for 14 CDCs.

## Most CDCs increase their capacity with CITC funds

In 2015, 43 CDCs (92%) said they increased their organizational capacity through the CITC. In 2016, 47 CDCs (94%) said the CITC increased their organizational capacity. They increased their capacity in the following ways:

	% of CDCs - 2015	% of CDCs - 2016
Improved physical space or other equipment	92	94
Increased staffing	87	74
Information systems	40	36
Staff training / professional development	38	36
Communication systems	34	36
Other capacity increase <sup>3</sup>	4	12

MACDC asked respondents for details on the types of staff they increased through the CITC. These were the proportions for each:

	% of CDCs - 2015 (41 CDCs total)	% of CDCs - 2016 (37 CDCs total)
Increased Program Staff	66	60
Increased Fundraising Staff	38	30
Other Staff Increase <sup>4</sup>	26	12

Though there was a slight decrease in the proportions for staff (particularly fundraising and other staff), information systems and staff training/professional development from 2015 to 2016, this is likely because staff hired in 2015 stayed on to continue the work, thus new ones did not need to be added. Overall, total CDC employment increased about two percent from 2015 to 2016.

*In Boston's Chinatown, CITC funds have enable us to employ a full-time community planner who has led community youths and residents through several major planning campaigns around publicly owned land and pedestrian safety. - Asian CDC*

<sup>3</sup> See the Appendix for the other ways the CITC impacted CDCs' organizational capacity in 2015 and 2016.

<sup>4</sup> See the Appendix for the other staff members the CITC allowed CDCs to hire in 2015 and 2016.

*CITC is enabling CDCs to expand or add organizational goals and make progress towards achieving them.*

In 2015, 25 CDCs (53.2%) expanded existing goals or added new ones since becoming Community Partners. This proportion increased in 2016, with 31 CDCs (62%) expanding or adding goals.

In 2015, these organizations described 35 expanded goals and 15 added goals in 2015. The CDCs made progress on all but two of the 48 goals (95.8%). Nine of them were met entirely. In 2016, there were 18 expanded goals and 13 added goals. Once again, progress was made towards all but two of the goals (93.5%), and nine of the goals were met completely.

*"Hilltown CDC is leading...developing a future vision for the Hilltowns. We have developed over 50 units of affordable housing...across the region, offer small business technical assistance, provide a social safety net to hilltown residents, offer transportation services to seniors and veterans and administer a 3 County program to address homelessness." - Hilltown CDC*

*Most CDCs expand existing activities or add new ones when they become Community Partners.*

In 2015, 38 CDCs (80.9%) expanded existing activities or added new ones since becoming Community Partners. In 2016, this proportion increased: 42 CDCs (84%) expanded or added

*"Over the past three years, Urban Edge has: utilized 100% of our three awarded allocations resulting in \$820,000 raised in funding; implemented a robust Community Investment Plan (CIP) serving more than 12,000 families; increased our capacity to work within the community by hiring new staff; and expanded the services we offer to the community." - Urban Edge*

activities since becoming Community Partners. And when we look at the two years combined - how many CDCs added or expanded their activities in either year, the total was 45 CDCs (90%). The types of activities were broken down as follows:

Activity Type	% Expanded - 2015	% Added - 2015	Total	% Expanded - 2016	% Added - 2016	Total
Real Estate Development	38	9	47	54	10	64
Arts, Cultural Programs & Community Festivals	23	17	40	32	16	48
Housing Services	38	6	45	40	6	46
Leaders/Community Organizing	51	6	57	40	4	44
Youth or Elder Programs	11	9	19	28	8	36
Financial Stability Services	23	9	32	26	4	30
Job Training / Workforce Dev.	17	11	28	12	14	26
Small Business Technical Assistance	17	6	23	18	6	24
ESOL / Adult Basic Education	9	0	9	10	6	16

\*See the Appendix for other activities the CITC let CDCs expand or add in 2015 and 2016.

It may be more meaningful to look at how the CDCs expanded or added activities over the two-year period from 2015-2016 since most CDCs are not going to continually grow or expand the same activity every year. When we look at the two-year totals, we find the following:

- Real Estate Development: 36 CDCs added or expanded (72%)
- Leaders/Community Organizing: 33 CDCs added or expanded (66%)
- Financial Stability Services: 28 CDCs added or expanded (56%)
- Arts, etc.: 28 CDCs added or expanded (56%)
- Housing Services: 27 CDCs added or expanded (54%)
- Youth or Elder Programs: 20 CDCs added or expanded (40%)
- Job Training/Workforce Development: 16 CDCs added or expanded (32%)
- Small Business Assistance: 14 CDCs added or expanded (28%)
- ESOL or ABE: 8 CDCs added or expanded (16%)

It is perhaps not surprising to see the activities at the top of this list - real estate development, community organizing and financial stability services are three core programs that reflect the building blocks of community development (see MACDC's Theory of Change at <https://macdc.org/cdc-theory-change>). It is a bit surprising to us that Arts and cultural programming is so high on this list, but perhaps that suggests that CITC is enabling CDCs to expand beyond their traditional domains and to practice more comprehensive approaches to community improvement. This is precisely what we hoped would happen with CITC.

We are also pleased to see so many CDCs invest CITC resources in community organizing and leadership development as this was also a core goal of CITC. And in fact, a few of the CDCs that indicated no additional work in this arena are CDCs that have long-standing community organizing programs so perhaps they chose to invest CITC in other, less developed, areas.

*Most CDCs increased their community engagement.*

In 2015, 36 CDCs (76.6%) expanded or added new community engagement activities since becoming Community Partners.<sup>5</sup> In 2016, 38 (76%) CDCs did this. The ways they increased community engagement were as follows:

	% of CDCs - 2015	% of CDCs - 2016
Increased attendance at organizational events	62	60
Increased Board of Directors engagement	47	46
Increased volunteerism	32	46
New committee or other structure for resident engagement	53	44
Increased Board of Directors diversity	30	28
Other <sup>6</sup>	26	26

Aside from resident engagement, these proportions were roughly the same between 2015 and 2016. As with the CDCs' activities above, perhaps creating the new structures for resident engagement in 2015 allowed CDCs to step back and focus on other types of engagement in 2016.

*“CITC funds also have enabled our youths and volunteers to mobilize Asian American voters in Quincy in 2015 and 2016. We sponsored bilingual candidate forums, hosted voter education workshops, and reached out to several thousand Asian voters via phone banking to increase voter turnout. As one-fourth of the population in Quincy is Asian, we are working to ensure that the Asian community engages in civic participation.” - Asian CDC*

<sup>5</sup> MACDC’s survey tool, designed with DHCD, asks about community organizing and leadership development and separately about community engagement. The slightly higher proportion of CDCs indicating investments in community engagement reflects the understanding that engagement is different than organizing and leadership development.

<sup>6</sup> See the Appendix for the other ways the CITC impacted CDCs’ community engagement in 2015 and 2016.

## Part IV – CITC CDCs PERFORMANCE MEASUREMENT

Since 2003, MACDC has collected detailed data on CDC performance through our annual Growing Opportunities, Assets and Leaders (GOALS) survey. In 2015, we dramatically upgraded our survey tool and the software used to compile results enabling us to provide consistent year or year data on CDC performance.<sup>7</sup> This report relies on 2015 and 2016 data both because we have more consistent data to share and because CITC did not likely have much impact on CITC performance in 2014 because the vast majority of CITC donations were received in December 2014 and therefore spent in 2015.

MACDC collects GOALS data from our entire membership and reports those results in our annual GOALS report. This analysis looks only at those CDCs who were participating in the CITC program in 2015 and/or 2016.

It is important to understand that CDC real estate development is a significant part of the data in this report. Real estate projects not only impact the housing numbers shared below, but also the jobs numbers (construction jobs), the investment numbers (total development costs on projects), and the families numbers (families that live in the housing). In order to ensure consistency from year to year and to avoid double counting, MACDC chooses to count the impact of a real estate project in the year that it receives a certificate of occupancy. *Therefore, projects in the pipeline and under construction are not reflected in these numbers, even though CDCs are creating jobs and investing dollars in those projects throughout the development process.* As a result of this methodology, the GOALS results from year to year can be uneven as real estate projects take several years to complete and there are some years where many projects are completed and other years when there are far fewer. The numbers can swing dramatically based on whether a handful of projects are completed in December or January.

2015 was a stellar year for CDC real estate development with 1,211 units coming on line that year. This reflects work that began years earlier and probably reflects the culmination of a wave of development that began after the recession. Not surprisingly, these numbers were much lower in 2016 with 737 units coming on-line. The law of averages is a powerful law and it applies here. Indeed, the CDC housing pipeline grew in 2016 and we would expect to see an uptick in these numbers in 2017 and beyond.

Therefore, we caution against drawing any significant interpretation from the year to year variation in GOALS numbers. We see this data serving more usefully as a baseline to use over a period of several years to determine whether CITC is driving greater production. Of course, these numbers are impacted by more than CITC, as significant cuts to other public programs could outweigh the impact of CITC.

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<sup>7</sup> All of MACDC's GOALS reports going back to 2003 are available on our website at [www.macdc.org](http://www.macdc.org). Readers can access an interactive, online database for all GOALS data collected in 2016 and 2017 by going to [https://macdc.org/GOALS\\_Reports](https://macdc.org/GOALS_Reports).



MACDC organizes the GOALS Survey data into six broad categories that are summarized below.

### Leaders Engaged

	2015	2016
Board Members Engaged	693	713
Non-Board Leaders & Community Members	1,238	1,153
<b>Total # Engaged Leaders</b>	<b>1,931</b>	<b>1,866</b>

We were somewhat surprised to see a slight decline in leadership engagement given the investments in community organizing and engagement referenced above. While the change was small it bears monitoring in the years to come.

### Families Served by Community Partners

	2015	2016	Total
Homebuyer Education	7,076	7,818	14,894
Youth Programs	3,339	3,877	7,216
Elder Programs	1,264	1,779	3,043
Family Asset Building	11,265	11,436	22,701
Foreclosure Counseling	2,079	1,510	3,589
Cumulative Rental Units	14,207	15,035	29,242
Small Business Assistance	703	717	1,420
Households Assisted with Energy Efficiency	4,139	11,232	15,371
Housing Stabilization	13,000	8,905	21,905
Housing Opportunities	1,721	1,195	2,916
Jobs Created or Preserved, and Workforce Development Participants	2,763	6,978 <sup>8</sup>	9,741
<b>Total # Families Assisted</b>	<b>61,556</b>	<b>70,482</b>	<b>132,038</b>

*“CITC-generated revenue underwrote employment and skill-building services that benefit over 4,000 low-income residents from throughout Greater Boston who came to TND’s headquarters to find a better job and learn to manage household income wisely,” The Neighborhood Developers.*

In total, 70,839 families were served by the CDCs participating in the CITC program last year, a 14 percent increase over the prior year total of 62,137.

<sup>8</sup> The total for 2015 reflects jobs from all sources, including workforce development. For 2016, we changed how we calculate families served by adding to the jobs total all *participants* in workforce development programs (4,861), which is approximately 3,000 higher than the number of jobs from workforce development (1,785).

## Small Businesses Assisted by Community Partners

The CITC has provided consistent support for small businesses during this time period: In 2015, 703 small business owners were provided direct, one-on-one technical assistance by a member of MACDC. In 2016, this number grew by 2%, to 717. This may be one area where CITC has helped to mitigate the impact of budget cuts to other programs. Most CDCs that operate small business programs rely on funding from the Massachusetts Growth Capital Corporation's Small Business Technical Assistance program. That program was cut from \$2 million in FY 2016 to \$1 million in FY 2017 and cut again to \$750,000 in FY 2018. While CITC can mitigate these cuts it is unlikely that we will see growth in this arena without a restoration of funding to MGCC.

## Homes Created or Preserved by Community Partners

	2015	2016	Total
# Units Created in Housing-Only Projects	820	605	1425
# Units Created in Mixed Use Projects	391	132	423
# Of Units Improved by Home Improvement Loans	325	255	580
# Of Units Where Lead Paint Was Abated	52	48	100
# Units Provided Development Consulting or Constr. Mgmt. Services, or Under Receivership	133	155	288
Number of Distinct Properties	33	26	59
<b>Total Units</b>	<b>1,721</b>	<b>1,195</b>	<b>2,916</b>
<b>Pipeline Projects</b>	<b>4,992</b>	<b>6,336</b>	<b>NA</b>

As noted earlier, 2015 was a banner year for CDC real estate development, including the completion of a single project with 312 units that significantly boosted the numbers in 2015. As the timeline for real estate projects from inception to completion is anywhere from two to five years, trends in housing projects can take much longer to see than the two-year snapshot presented here. Projects in the pipeline, however, provide more useful short-term data:

The pipeline went from 117 projects and 4,992 units as of December 2015, to 130 projects and 6,336 units as of December 2016—an impressive 27% increase in units. Comparing the share of units/projects from the 2015 pipeline that were completed in 2016, and the share that remains in the pipeline as of 2016, we can determine how many of the units in the 2016 pipeline were added that year. The result is that 33 projects, with a total of 2,133 units, were added to the pipeline during calendar year 2016.

Thus, the CDCs who received CITC funds accomplished the following in 2016:

- completed development of 737 homes;
- continued working on 4,203 homes that were in the pipeline from the previous year;
- added 2,133 units to their pipeline
- Owned and managed 15,025 units of existing housing.

*“Since our first tax credit allocation, we have been able to leverage over \$12 million for community development projects. With this increase, we have been able to ...oversee 5 projects financed and under construction with five more in the pipeline...” WHALE, New Bedford*

### Job Opportunities Created or Preserved by Community Partners

	2015	2016	Total
# Construction Jobs - Completed Housing Projects	1,320	974	2,294
# Construction Jobs - Completed Mixed Use Projects	629	213	842
# Construction Jobs - Completed Open Space Projects	3	72	75
# Jobs Through Development of Commercial Space	41	44	85
# Jobs Through Workforce Development	2,077	1,785	3,862
# Jobs Through Small Business Assistance	769	816	1,585
<b>Total Jobs</b>	<b>4,839</b>	<b>3,904</b>	<b>8,743</b>

The decrease in jobs created or preserved from 2015 to 2016 is largely due to the decline in real estate projects completed in 2016, as noted earlier. Given the large real estate pipeline, we would expect to see this number go up again in future years.

*“We are the first CDC in Boston to open a Fab Lab that boasts vinyl cutters, laser cutters, milling machines, industrial sewing machines, and 3-D printers. The CITC funding is critical to our future and to sharing 21<sup>st</sup> century skills with more of our youth and working adults.” - Lena Park CDC*

## Community Investments Secured by Community Partners

	2015	2016	Total
\$ Invested in Housing Projects	230,468,667	128,125,783	358,594,450
\$ Invested in Mixed Use Projects	193,940,000	31,555,412	225,495,412
\$ Invested in Open Space Projects	203,401	5,010,000	5,213,401
\$ Invested in Home Improvement and Lead Paint Assistance	7,701,482	6,303,274	14,004,756
\$ Invested in Financing for Local Small Businesses	6,645,585	4,427,721	11,073,306
Operating Budget	271,065,300	287,055,235	558,120,535
Cash Assistance for Home Owners, to Buy a Home, Avoid Foreclosure, or Secure Other Housing After Foreclosure	2,886,989	307,865	3,194,854
Cash Assistance for Renters	0	4,488,856	4,488,856
\$ Invested for Energy Efficiency to Resident Owned Homes	7,280,380	17,926,561	25,206,941
EITC and IDAS	4,214,805	3,944,692	8,159,497
<b>Total Amount of Investment Secured by MACDC Member</b>	<b>724,406,609</b>	<b>489,679,195</b>	<b>1,214,085,804</b>

The investment dollars above generally reflect the numbers previously reported for real estate development and other programs. For example, earlier we saw a substantial increase in families receiving assistance with energy efficiency and here we see a substantial increase in the dollars invested in energy efficiency improvements. Similarly, the decline in housing units is reflected in the lower amount invested in housing projects. Still, the cumulative impact is impressive with \$1.2 billion invested over just two years. *This number underscores the leveraging power of CITC. During 2015, \$9.6 million in tax credits leveraged \$19.2 million in donations and supported a total economic impact of \$1.2 billion.*

## Part V. Conclusion

Over the first three years, the CITC program proved to be successful at achieving the goals laid out in the Statute. With nearly \$24 million raised total in '14, '15, and '16, as well as dramatic growth in individuals supporting CDCs through the program, CDCs are not only gaining new revenue, but also diversifying the composition of their organization's funding base. The result is that CDCs are gaining financial strength, expanding their programs and services and increasing their impact. CDCs involved in the program are reporting a 5% increase in their overall operating budgets and a 2% increase in FTEs. Furthermore, 96% of the CDCs involved in the CITC program report that they are organizationally stronger than they were three years ago and that they are headed in the right direction. While these are self-reported findings, they highlight the increased sense of optimism among participating organizations.

The next few years are likely to test this optimism as federal funding may be reduced or eliminated and the economic challenges facing our communities is growing. As CDCs face these headwinds, the CITC program will become an increasingly important source of financial strength that will provide CDCs with greater resiliency and adaptability. This, in turn, will enable them to advance their important mission of improving communities and transforming lives across the Commonwealth.

## Appendix

### Job Computing Methodology

(Methodology for Computing Construction Jobs from real estate projects):

**For projects with residential units:**

Construction jobs = number of residential units \* 1.61 (source: National Association of Homebuilders)

**For projects with no residential units:**

Construction jobs = Total Development Cost / 71,000 (source: National Association of Industrial and Office Properties).

### CITC's "Other" Impacts on Organizational Capacity

CDC capacity increased in 2015 two other ways: more arts productions by Madison Park DC and increased ability to serve more clients at South Middlesex Opportunity Council, Inc (SMOC). In 2016, other capacity increases were: partnerships (ACT Lawrence); assisted rebranding effort (OneHolyoke CDC); operating costs (SMOC); ability to provide core programming (Viet-AID); and volunteer recruitment program for the walking groups at Worcester Common Ground. (The missing capacity increase was TBD at the time of the survey.)

#### **Staff:**

In 2015, the other types of staff included: financial coaching, administrative staff, a grants manager, a grant writing consultant, Real Estate Project Manager, database person, research intern, Housing Information Officer, Salesforce staffing, evaluations staff, compliance and reporting staff hours, a permanent Executive Director, Communications Manager, and Housing Promotion and Stabilization staff. The other types of staff in 2016 were: Communications Coordinator; Data Manager; Finance and accounting staff; Real Estate Development, Donor Database Management and grant writing staff; a Community Organizer; a Communications Manager; and Housing Promotion and Stabilization staff.

### CITC's "Other" Impacts on Organizational Activities

In 2015, 6 CDCs indicated expanding or adding some other type of activity. Those activities were: resident services (Allston-Brighton CDC); health care access (CEDC-SM); health equity (Coalition for a Better Acre); the Pioneer Valley Grows Investment Fund (Franklin County

CDC); client curriculum (Housing Assistance Corporation); and improving health (Oak Hill CDC). In 2016, 15 CDCs indicated expanding or adding some other type of activity. Those activities included: Pedestrian Safety Campaign (Asian CDC); Farm and Food Business Development (Franklin County CDC); homeless outreach (Housing Assistance Corporation); free Bilingual Summer Movie Night in the Park (NOAH); and pre-school services (Viet-AID).

### **CITC's "Other" Impacts on Organizational Community Engagement**

**In 2015:** Healthy Community Champions (Allston Brighton CDC); stronger civic engagement activities (Asian CDC); Brownfields planning and civic engagement (CEDC-SM); forming a Vacant Property and a Community Garden Committee, involving residents in planning healthy initiatives and more (Way Finders); a community survey (Harborlight Community Partners); producing white pages with information on housing topics for distribution in community (Housing Assistance Corporation); involving Staff and Board members with Town Master Planning and Housing Plan staff with interfaith communities to support HCA and Food Pantry (Housing Corporation of Arlington); organizing Parent Ambassadors for Lawrence Public Schools (Lawrence CommunityWorks Inc.); becoming an active member of the Worcester Community/Labor Coalition (Main South CDC); working in Belmont to create a Housing Production Plan with robust resident involvement (Metro West Collaborative Development); completing a 3-Year East Boston Resiliency Plan Based on Resident Input (Neighborhood of Affordable Housing); expanding upon the number of Merrimack College Community Engagement Fellows from two to four in 2015-2016 and five in 2016-2017 academic years (North Shore CDC).

**In 2016:** Neighborhood Steering Committee and Merchant Association (CEDC-SM); community needs assessment and reporting events, coffee hours, block parties, resource fair, and partnering with peer organizations to share audiences (Coalition for a Better Acre); engaging residents to participate in strategic planning efforts (Community Teamwork, Inc.); increased voter turnout for Community Preservation Act (CPA), increased resident participation at community meetings for Emerson College students moving to Fenway and developers' presentations for proposed projects in the Fenway (Fenway CDC); increased advocacy and education social media presence and increased interaction with local public officials (Harborlight Community Partners); regional Homeless Engagement, Regional Transportation Committee (Hilltown CDC); community building activities (Inquilinas Boricuas en Acción); economic design team, strengthened partnership with the Lawrence Public Schools, added additional financial coaching capacity, 30th Anniversary celebration fundraiser (Lawrence CommunityWorks Inc.); added placemaking activities to community engagement tools (North Shore CDC); neighborhood and resident engagement (OneHolyoke CDC); increased community events and outreach (Quaboag Valley CDC); collaboration with other agencies around food security, set up Framingham Business Resource Alliance (SMOC); youth and adult physical fitness in target neighborhood, health education workshops in target neighborhood, individual & business community partnership development (Way Finders).