

# Funding Massachusetts Infrastructure Needs

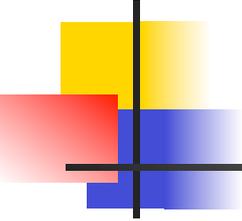
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## Battling the Infrastructure Crisis

### **Chapter 23L**

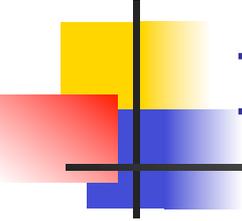
The Local Infrastructure Development Program

# Our Local Public Infrastructure Needs:



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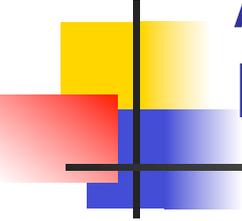
- Existing neighborhoods with unfunded sewerage systems, water connections, roads etc.
- Older downtowns and commercial centers needing parking garages, transit facilities etc.
- New infrastructure for community supported and approved residential and commercial development



# The Perfect Storm Blocking Needed Local Infrastructure Projects:

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- State government's financial resources and attention, focused, on repairing and maintaining our important highways, bridges, commuter rail, higher educational campuses etc.
- Local property taxpayers increasingly resist higher taxes
- Huge demands on federal funds reduce local/State aid
- Mortgage/credit crunch reduce the ability of property owners to pay for street, water, sewer etc. needs



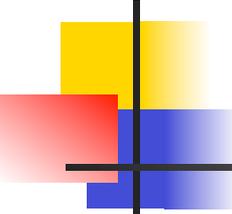
# One Solution: Property Owner Initiated Special Assessment Financing-The Local Infrastructure Development Program-Chapter 23L

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- Improves on Existing Betterment/Assessment Provisions of the General laws by:
1. Eliminating City/Town Liability for Uncollected Betterments and Assessments
  2. Financing a Greater Variety of Infrastructure Needs
  3. Eliminating City/Town Need to Fund Interest During Construction
  4. Providing Property Owners Up to a 25 Year Payback, as opposed to 20 under the M.G.L.
  5. Allowing Portions of a Community to **VOLUNTARILY** Self-Finance
  6. Providing the “Carrot” of Favorable Financing for Community Supported Projects
  7. Increasing the Local community’s Tax Base
  8. **Making Other State Programs Such as DIF More Workable by Allowing Municipality to Dedicate Some Portion of New Tax Growth to Bond Debt Service-No Down Side Risk**

# Financing Public Improvements-Anticipated Frequency of Use



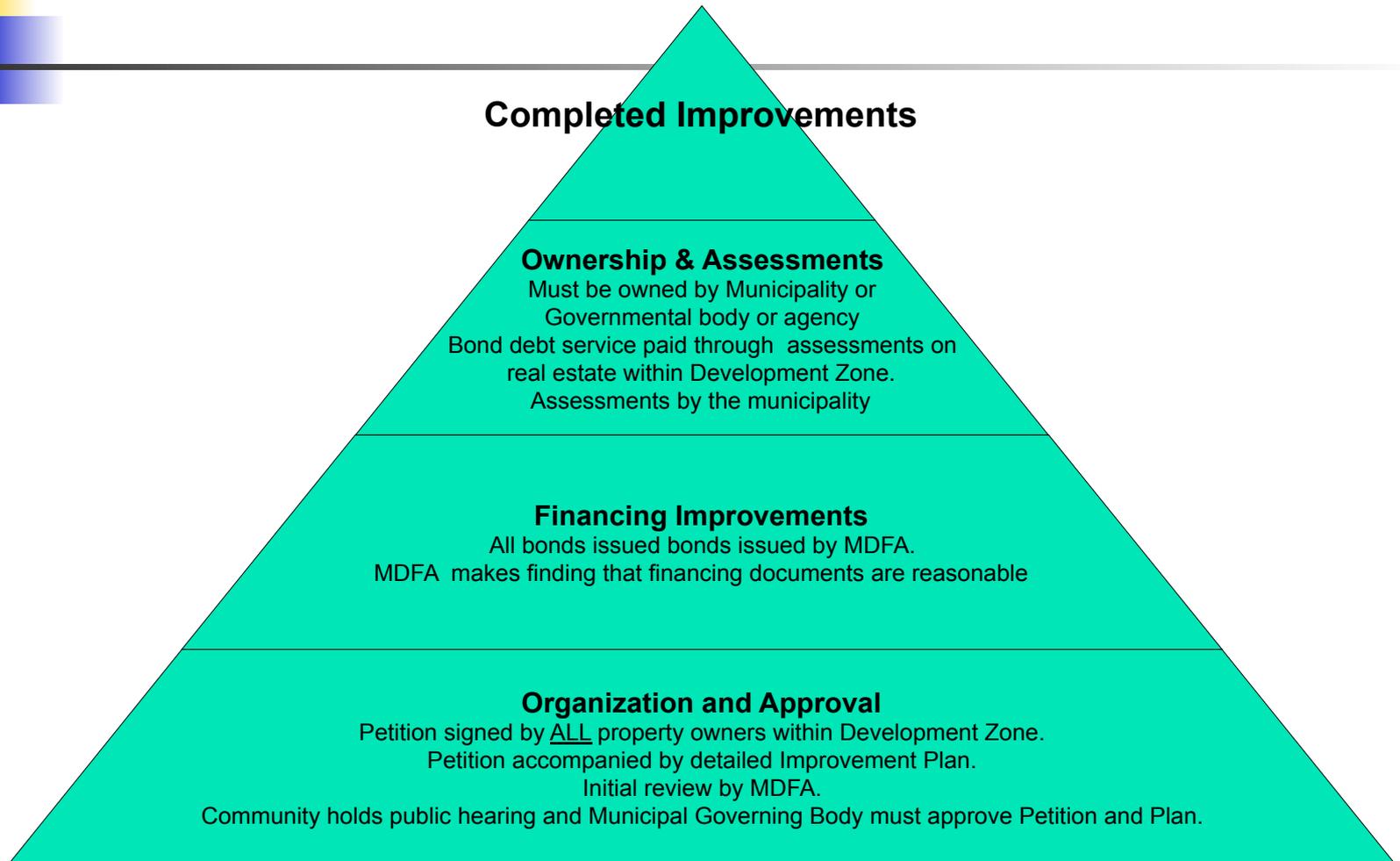


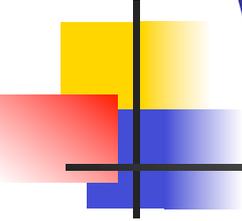
## Key Elements of a Chapter 23L Financing

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- A special charge is assessed on property owners in a geographical area to finance needed infrastructure.
- A “Development Zone” is designated that includes the real estate benefiting from, and paying for, the proposed infrastructure improvements. Assessment payments are used to repay debt issued to fund infrastructure.
- First used to finance street and drain construction in New York in 1691. Now widely used to finance services, infrastructure and facilities within a defined geographical area, e.g. parks, roads, recreational facilities, utilities, and water and sanitary facilities

# Chapter 23L: Financing Public Improvements





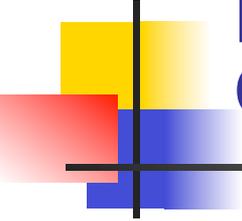
## WHAT IS A CHAPTER 23L DEVELOPMENT ZONE?

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The Development Zone (merely a designated area of a town or city) would simply be an improved and VOLUNTARY version of the traditional betterment district. Cities and towns have for years charged the costs of improvements such as roads and sewers to the immediately abutting properties that are specially benefited as opposed to the community at large.

Must be initiated by the property owners who will be self-taxing themselves through special assessment bonds (not included under Prop. 2 1/2), repaid in up to 25 years. Each Development Zone must be approved by the municipality.

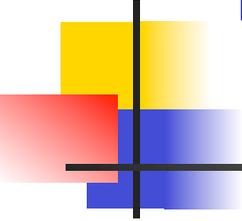
- The Massachusetts Development Finance Agency (“MDFA”) would issue the bonds to fund the infrastructure improvements.
- The bonds would be paid back exclusively by assessments on the property within the Development Zone.
- Neither the municipality nor the Commonwealth have any responsibility for the debt or finances of the Development Zone.
- Property within the Development Zone is subject to all taxes of the community and the Commonwealth.
- The Development Zone and all property within its borders are subject to all local and State zoning and land use laws and regulations.



# Who would own and benefit from the public improvements financed under Chapter 23L?

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- None of the improvements could be owned by a developer or private party
- All improvements must be owned by the municipality, the State or agency thereof
- The public improvements cannot be turned over to a private developer after the financing is complete nor may he profit from their use
- To qualify under Massachusetts law and federal tax law, the real estate within the Development Zone must enjoy a particular and distinct benefit from the improvements over and above general benefits conferred on real property to the public at large in the town or city
- Other residents of the city or town may also benefit indirectly to some extent and will surely benefit from the increased tax base produced by the infrastructure improvements for the Development Zone.
- It makes no difference if the improvements are for a new real estate project or for an existing neighborhood.
- Betterments and assessments are currently used by our municipalities for both situations in Massachusetts



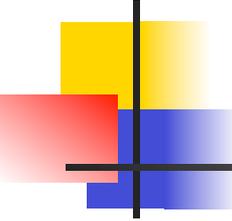
# Key Points on Chapter 23L

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- **Optional** tool for Massachusetts Municipalities **Initiated by Local Property Owners to Self-Tax Their Own Real Estate**

It Would be Used on a Case by Case Basis by Each City or Town to:

- Assist Existing Homeowners and Businesses with Infrastructure Needs when Financing is Otherwise Not Available
- Encourage Community Supported New Real Estate Development or Better Fund Developer Impact Fees
- Aid Home Buyers by Lowering Down Payments and Permitting the Assumption of Low Interest Assessments
- Insure New Development Infrastructure will Be Completed in a Timely Manner
- Generate Increased Property Tax Valuations from the Improved Real Estate
- Acquire or Preserve Conservation or Park Land, Paid for by Willing Abutters
- Help Fund Wastewater and Septic System Problems and Reduce Pollution, Fund Green Energy Projects
- Make Massachusetts Housing and New Factories More Affordable by Lowering Infrastructure Costs



# Organizations Supporting Special Assessment Financing

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- **Mass Alliance for Economic Development (MAED)**-The Commonwealth's major outreach tool bringing new business to the Commonwealth
- **Citizens Housing and Planning Association (CHAPA)**-Dedicated to expanding affordable housing in Massachusetts
- **Massachusetts Chapter of the American Planning Association**-The organization representing State, municipal and private professional planners
- **City of Lowell**
- **City of Quincy**
- **Town of Adams**
- **Town of Harvard**
- **Town of Braintree**
- **Massachusetts Development Finance Agency (MDFA)**-The quasi State agency issuing bonds to finance a variety of projects for non-profits and private firms
- **Massachusetts Economic Development Council (MEDC)**-The professional organization representing the State's economic development professionals
- **Worcester Business Development Corp. (WBDC)**-The leading economic development organization in the Worcester area
- **National Association of Industrial & Office Properties (NAIOP)**-Representing developers and real estate professionals
- **Home Builders Association of Massachusetts (MHBA)**-The premier organization representing Massachusetts' home builders
- **Greater Boston Real Estate Board**
- **Cape Cod Chamber of Commerce**
- **North Central Massachusetts Development Corporation**
- **Three Bays Preservation, Inc.**-Dedicated to preserving the water quality of Cape Cod Bay and its estuaries
- **Economic Development Council of Western Massachusetts**
- **Commonwealth Housing Task Force**