



**A
BETTER
CITY**

Financing and Policy Solutions for Resilience

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Way to grow.



MassDevelopment

- Works with businesses, nonprofits, financial institutions, and communities to **stimulate economic growth** throughout Massachusetts
- Promotes capital investment and economic development **by providing financing and development solutions**
- In FY16, MassDevelopment financed or managed **352** projects generating investment of more than **\$4 billion** in the Massachusetts economy
- These projects are projected to create more than **8,200** jobs and build or rehabilitate more than **4,200** residential housing units



Infrastructure Bond Financing Programs

- Infrastructure Investment Incentives Act (“I-Cubed”)
- District Improvement Financing (“DIF”)
- Local Infrastructure Development Program (“23-L”)
 - All programs create a district and pay for public infrastructure through taxes. **Value Capture. Public Private Partnership.**
 - All programs **can be used independently or in combination** to meet a project’s financing needs
 - Infrastructure **must benefit the district and must be owned or conveyed** to a public entity to be eligible for tax exemption.



Typical projects

- Transit Oriented Development
- High density, urban infill
- Waterfront development
- Old mill redevelopment
- Downtown revitalization
- Business parks
- Stalled projects, repurposing old assets

What Types of Infrastructure Can Be Funded for Resiliency

- New roadways
 - **Green roads and alleys, permeable and reflective pavement, rain gardens - reduces storm-runoff, protects ecosystems, walkability**
- Transportation facilities such as train stations, bus depots, etc.
 - **Reduces congestion, improves air quality, improves road safety, reduces reliance on fossil fuels, improves walkability**
- Seawalls, docks, wharves, bridges, culverts, tunnels
 - **Defends against sea rise, flood prevention, storm-surge protection**
- Parks, playgrounds, walkways and recreational facilities
 - **Greenery, trees, improves air quality, slows runoff, lowers cooling/heating costs, wind-breaks to protect buildings, improves water quality, biodiversity, better physical health**
- Brownfields cleanup and mitigation
 - **Public health, improves soils, reduces storm run-off, jump starts dirty project, place making**

What Types of Infrastructure Can Be Funded for Resiliency

- Water & waste water facilities
 - **Septic to sewer, waste water treatment, clean water, environmental mandates**
- Drainage systems
 - **Better management of storm-water runoff, lowers incidents of combined storm and sewer overflows, water capture**
- Alternate energy sources such as co-generation (Microgrids)
 - **Climate adaptation, lowers energy demand, power in case of storm**
- Solar installations
 - **Lowers energy demand, sustainable energy production**
- Soft and financing costs (engineering, architectural, etc.)

Qualified Energy Conservation Bonds (“QECCB”)

- May be **used by state, local and tribal governments** to finance energy projects
- Interest rate is **either subsidized** by the US Treasury or **issued as a tax credit**
- Bondholder receives **federal tax credits in lieu of traditional bond interest**
- “Qualified energy conservation projects” - **energy efficiency capital expenditures in public buildings** that reduce energy consumption by at least 20%; **green community programs** (including loans and grants to implement such programs); **renewable energy production**; research and development applications; **mass commuting facilities** that reduce energy consumption; several types of **energy related demonstration projects**; and public **energy efficiency education** campaigns
- \$5+ million available. **DOER will be finalizing the amount available and issuing an PON** shortly for this allocation
- **Scituate Wind** and **Fairhaven Wind** are privately owned wind turbines with a PPA with the each town



Commercial Property Assisted Clean Energy (“PACE”)

- Legislation **just passed in Massachusetts**. Exists in more than 30 states.
- **Property owner agrees to betterment assessment** on qualified commercial/industrial property
- **Commercial, industrial, mixed-use, retail NFPs and housing** with 5 or more dwellings
- Commercial energy improvements include any renovation or retrofit **to reduce energy consumption** or installation of **renewable energy systems**. Improvements **privately owned and permanently fixed to property**. Also includes extension of natural gas distribution company line.
- Bond **amortized for lesser of 20 years or useful life of asset**
- **Energy savings must exceed cost of improvements** including any financing costs and associated fees
- Private capital can provide **long-term, non-recourse financing** secured through **senior tax lien repaid through property bill**. No acceleration, no cross-collateralization. **Runs with property if building sold**.

Challenges

- Capturing the value
- Learning curve
- Public procurement / prevailing wage
- Real estate economics
- Cost versus available capital / Competition for funds

Opportunities

- Green infrastructure, climate change, resiliency - popular topics
- Demographics, population growth, sprawl, non-renewable resources
- P3 market growing
- Historically low interest rates
- Programs like I-Cubed define participation
- Necessity is the mother of invention

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