Build for Mass:

Flexible, Low-Cost Lending for
Municipal Infrastructure Projects

MassDevelopment

How We Got Here: Listening to Municipal Finance Needs

Over the past two years, the Healey-Driscoll Administration has consulted with municipalities to design a lending program that provides flexible funding for clean energy, transportation, housing, and economic development projects.

2024: Legislation allows for up to $50M for loans and grants to cities and towns

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2025: FFIO engages municipal stakeholders to understand their finance needs and other state lending programs

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2026: FFIO led interagency meetings to develop strategic plan; conducted more focused municipal outreach

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Ongoing: MassDevelopment launches program and convenes interagency advisory group

MassDevelopment

- Commonwealth’s Development Finance Agency & Land Bank
- We work with businesses, nonprofits, financial institutions, and communities to stimulate economic growth throughout Massachusetts
- Promote capital investment and economic development by providing financing and development solutions
- In FY26, MassDevelopment financed or managed 526 projects generating investment of more than $6.29 billion in the Massachusetts economy
- These projects are estimated to create or support 42,026 jobs and build or preserve 4,355 housing units

The Two Programs within Build for Mass

Provide flexible loans to unlock federally funded projects

Unlock federal tax refunds for clean electricity projects

General Loan Program

Low-cost loans for projects supported by federal funding, including economic development, clean energy, climate resilience, and other critical municipal infrastructure improvements

Green Loan Program

Bridge loans for municipal clean energy projects that qualify for the federal Clean Electricity Tax Credit, providing municipalities up-front cash equal to the expected IRS Section 48 tax credits

$75 Million for Local Infrastructure Projects

$50 million from the Commonwealth Federal Match and Debt Reduction Fund, established through legislation proposed by Gov. Healey to help Massachusetts compete for federal funding

$25 million from the Department of Energy Resources, in partnership with the Executive Office of Environmental Affairs, to support clean energy projects and lower long-term energy costs.

6-10 projects of ~$3-5 million each repaid over up to 10-years

15-30 projects of ~$1-3 million each repaid in one lump sum at the end of the term (1-4 years)

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Provide Loans to Unlock Municipal Projects

Goal #1	Program Response	Federal Connection	Key Features	Representative Projects
Community has a **finance gap on a federally funded capital project** (previously funded or viable federal applicant); it is unable to access needed funding through other state programs.	**General Loan Program** MassDevelopment	• Federal discretionary grant • Federal formula funds • Congressionally Directed Spending ("CDS")	• Low interest loan (~2.5%) • Amortized over up to 10-years • Priorities: Gateway Cities, rural communities, state development goals: housing, climate resilience, economic development • Interest rate discounts of .5% for certain impact criteria	**Quincy** *Manet Ave. Seawall Project* • $5M need • Received FEMA Pre-Disaster Mitigation Funding **Pittsfield** *Downtown Renewal Project* • $5M need • Received FY24 USDOT Reconnecting Communities Grant

General Loan Illustrative Example: Floodsville, MA

$40 million seawall total project costs. B4MA fills gap with $5 million loan at 2 percent interest amortized over 10 years.

Total Project Cost	**$40 m**
Federal Funding	$30 m
Local Contribution	$10 m
State Grant	$5 m
Funding Gap	$5 m

Year	Interest	Principal	Ending Balance
1	$95,832.82	$456,247.91	$4,543,752.09
2	$86,623.75	$465,456.98	$4,078,295.12
3	$77,228.80	$474,851.92	$3,603,443.19
4	$67,644.22	$484,436.50	$3,119,006.69
5	$57,866.18	$494,214.54	$2,624,792.15
6	$47,890.78	$504,189.95	$2,120,602.20
7	$37,714.03	$514,366.69	$1,606,235.51
8	$27,331.87	$524,748.86	$1,081,486.65
9	$16,740.15	$535,340.57	$546,146.08
10	$5,934.65	$546,146.08	$0.00

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Provide Upfront Capital to Bridge the Federal Clean Electricity Tax Credit

Goal #2	Program Response	Federal Connection	Key Features	Possible Example
Communities have a **timing problem and need up-front bridge loans** to initiate a qualifying clean energy projects eligible for federal tax credits	**Green Loan Program**	• **IRA's Direct Pay Tax Credit program** (new rules expand eligibility for ground-source heat pump and battery storage projects)	• Low interest loan (~2.0%) • Interest rate discounts of .5% for certain impact criteria • 1-4-year loan terms • Loans capped at the amount of the expected tax refund (generally 30% or greater) • Eligible projects: Ground-source heat pumps ("GSHPs"); battery storage	**Northampton** *Forbes Library Ground-Source Heat Pump ("GSHP") Project* • $1.6M need **Orleans** *Net Zero Fire Station GSHP Project* • $1.6M need

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Green Loan Example: Geo-borough, MA

$6 million ground source heat pump project. B4MA provides a $1.8 million loan with a 4 year term at 2%, interest only payments to bridge the anticipated Direct Pay tax refund.	
Total Project Cost - Town Hall Renovation	$30 m
Tax Credit Eligible Basis Component (GSHP)	$6 m
Expected Section 48 Direct Pay Tax Refund (30%)	$1.8 m

Year	Interest	Principal
1	$36,000	0
2	$36,000	0
3	$36,000	0
4	$36,000	$1.8 m

Clean Electricity Tax Credits (Section 48)

Providing Technical Support to Unlock Tax Credits

- Direct Pay enables non-taxable entities, including municipalities, to claim a cash refund for federal clean electricity tax credits.
- To get the refund, municipalities must file a tax return and document eligible project costs
- Most municipalities are unfamiliar with the process of completing and filing the tax return.
- To help, MassDevelopment will offer technical advisory grants to enable municipalities to access an experienced tax credit advisory firm.

One Big Beautiful Bill Update on Direct Pay

- The investment tax credit eligibility period for investments in ground-source heat pump or battery storage projects **expanded** under OBBBA
- Projects that begin construction by 12/31/33 are eligible for the full tax credit with reduced credits for 2034 and 2035 projects.

Future of Direct Pay

- Loan recipients will be required to file materials to claim federal tax credits.
- In the event the U.S. Congress eliminates Section 48 tax credits, loans will be converted into grants.

MassDevelopment

Have a Priority Infrastructure Project?

Tell us about it!

Submit a Preapplication form to start the conversation!

General Loan Preapplication Form

Green Loan Preapplication Form

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