



Build for Mass:

Flexible, Low-Cost Lending for
Municipal Infrastructure Projects



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



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



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



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**

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

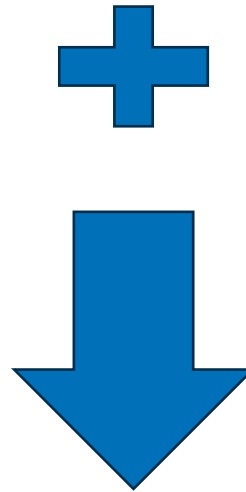
**Unlock federal tax refunds for clean
electricity projects**

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)

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 	• 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 <i>Manet Ave. Seawall Project</i> • \$5M need • Received FEMA Pre-Disaster Mitigation Funding Pittsfield <i>Downtown Renewal Project</i> • \$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

For Policy Development and Deliberation Purposes Only

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

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.

**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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