

Statement of the Home Builders Association of Massachusetts  
In Support of Senate Bill 146 and House Bill 159  
An Act Relative To The Establishment And Powers Of Special Development Districts

The Home Builders Association of Massachusetts strongly supports the enactment of Senate Bill 146 and House Bill 159. These bills will provide for the establishment of special development districts that will finance needed public infrastructure improvements without burdening the budgets of either the state or local government. Indeed, this creative financing technique can help reduce the cost of housing and commercial real estate development in Massachusetts without the need for any new state or local taxes.

The proposed Chapter 40T creates special development districts that would allow property owners to finance needed public infrastructure improvements. Special development districts could finance needed infrastructure through the issuance of notes or bonds. The debt service on the bonds would be paid back through a schedule of special assessments on the real estate within the district. Special development districts would only be established with the approval of both the local property owners and the city or town.

Through the use of special development districts, municipalities would be able to provide an efficient mechanism to administer, operate and repair project infrastructure, saving residents outside the project area such expenses. This financing technique has been used with great success in other states. However, current Massachusetts law impedes the use of this potential source of capital because of the need to enact special legislation to create such districts.

Many municipal budgets cannot fully support the roads, water, sewer and other infrastructure needed for quality residential and commercial development. Financing under the proposed Chapter 40T could be used by developers of commercial or residential projects with large infrastructure needs. It would also be available as a financing mechanism for existing neighborhoods with unmet sewer or water needs if a city or town is unwilling or unable to finance such improvements.

The use of special development districts would enhance quality developments and speed the flow of local and state tax revenues. For these reasons we respectfully urge the Joint Committee on Community Development and Small Business to act favorable on these bills.