



# Bond Financing

MassDevelopment provides flexible financing solutions. Our bond financing programs offer a cost-effective method for companies and institutions to finance capital projects, including new construction, acquisition, and renovation, new equipment purchases, and facility expansions. Tax-exempt bond financing typically provides the lowest interest rates available for capital projects. MassDevelopment will work with you to determine your project's eligibility under the federal tax code, and to evaluate structuring and placement options. Eligible borrowers include Massachusetts manufacturers, environmental enterprises, nonprofits, affordable housing developers, and municipal and public entities. If a tax-exempt bond cannot be used for a project, MassDevelopment may be able to provide a loan solution.

## Tax-Exempt Industrial Development Bonds (IDBs)

- Project must be a manufacturing facility.
- Total capital expenditures of borrower may not exceed \$20 million within the same municipality, three years prior to and three years after the issuance of the IDB.
- The amount of IDBs for the borrower in the municipality which can be financed tax-exempt is limited to \$10 million.
- Tax-Exempt IDB proceeds can be used to purchase land and buildings or new equipment, to construct or renovate buildings, or to refinance existing tax-exempt IDB's.

## Tax-Exempt Bonds for 501(c)(3) Nonprofit Organizations

- Borrower must be a 501(c)(3) nonprofit entity.
- Potential borrowers include: educational institutions, cultural institutions, hospitals, community health centers, assisted living facilities, research organizations, and other nonprofits such as human service providers.
- Tax-Exempt 501(c)(3) bond proceeds can be used to purchase land, buildings or new equipment, to construct or renovate buildings, or refinance existing debt.

## Environmental Enterprises

- Other projects may be eligible for tax-exempt financing as solid waste disposal facilities, including landfills and recycling operations.

## Tax-Exempt Bonds for Housing

- Tax-Exempt bond proceeds can be used for new construction or acquisition/rehabilitation of rental housing with an affordable component.
- 4% Federal Low-Income Housing Tax Credits can be a source of equity for tax-exempt bond financed projects.
- Household income restrictions apply.

## Infrastructure Financing

- Project must be for public improvements supporting a development project in Massachusetts.
- MassDevelopment offers three infrastructure financing programs using municipal real estate taxes, special assessments, and other state revenues:
  - a. Infrastructure Investment Incentives (I-Cubed)
  - b. District Improvement Financing (DIF)
  - c. Local Infrastructure Development Program





# Case Studies

## **Center for Human Development, *Greenfield***

MassDevelopment issued a \$3.1 million tax-exempt bond for the Center for Human Development Inc. (CHD). CHD will use bond proceeds to renovate and furnish a building in Greenfield that will house offices, clinical space, and CHD's primary medical, dental, outpatient behavioral and wellness services. CHD also plans to lease a portion of the building to the Community Health Center of Franklin County to provide clients with access to primary and dental health services. TD Bank purchased the bond.

## **D&S Realty LLP, *West Boylston***

MassDevelopment issued an \$8 million tax-exempt bond on behalf of D&S Realty LLP, a real estate entity in West Boylston. D&S Realty is using bond proceeds to renovate and expand a facility in West Boylston that it has leased to Curtis Industries LLC, a Worcester manufacturer of compact vehicle cabs, attachments, and accessories. Renovations include building an addition for office, storage, and manufacturing space; and making tenant-specific upgrades. Middlesex Savings Bank purchased the bond.

## **Walker Park, *Roxbury***

MassDevelopment issued \$9.4 million in bonds for Walker Park, a project from the Urban Edge Housing Corporation, a community development organization in Roxbury. Urban Edge is using bond proceeds to build Walker Park, a 49-unit affordable rental housing facility in Roxbury. Urban Edge will demolish a blighted building and revitalize two blighted lots to make way for the construction of two buildings that will house the rental units. Bank of America purchased the bonds.

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