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, 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 to refinance existing debt.
Environmental Enterprises

- Other projects may be eligible for tax-exempt financing such as solid waste disposal facilities. This includes 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

New 125 Armory Street LLC, Jamaica Plain

New 125 Armory Street LLC, an affiliate of The Community Builders, Inc. and Jamaica Plain Neighborhood Development Corporation, used a $37.15 million tax-exempt bond issued by MassDevelopment. Bond proceeds were used to acquire and renovate a 199-unit apartment building that serves the elderly and disabled. Eastern Bank purchased the bond.

Patriot Armored Systems, Lee

Patriot Armor, an industry leader in glass and polymer lamination, used the proceeds from a $2.6 million tax-exempt bond issued by MassDevelopment to purchase the building it leased and to construct a 7,500-square-foot addition. Berkshire Bank purchased the bond.

Tufts University, Medford

Tufts University used a $34 million tax-exempt bond issued by MassDevelopment to complete renovations to its residential and academic facilities on the Medford portion of its campus. The University also renovated Houston and Miller residence halls, Barnum and Dana academic buildings, and Carmichael Dining Hall. The bond was sold through a public offering underwritten by Barclays Capital Inc.