



## Provisions to the Economic Development Bill S.2625

TO PROMOTE ECONOMIC MOBILITY & PROTECT HOUSING ASSISTANCE PROGRAMS

Please support the following provisions in the Economic Development Bill to help everyone in the Commonwealth have a safe, healthy, and affordable home!

### **1. Economic Mobility & Stability Commission**

This provision creates a commission to identify the most effective self-sufficiency programs, examine the impact of cliff effects tied to minimum wage increases, and help shape programs that will best assist low-income families achieve economic mobility and independence.

Numerous self-sufficiency and economic mobility programs administered on federal, state and local levels work to provide households a path to economic mobility. These programs help families get education, increase their incomes, and build assets to attain financial self-sufficiency and reduce reliance on public supports. Each program offered across the state, including the Family Self-Sufficiency Program, MassLEAP, and Jobs Plus, has the same goal but a different approach with varying components and different outcomes.

The commission will also examine cliff effects and determine ways to adjust assistance in response to changes in income, including automatic adjustments tied to minimum wage increases. When recipients of support programs begin to work or receive raises, they often experience an economic penalty – or cliff effects – because of the steep decline in their benefits which leaves them worse off than before getting a job or a raise. These setbacks are a barrier for families trying to achieve economic independence and financial stability. With minimum wage increases going into effect, and mandatory work requirements being proposed at federal level, it is necessary that we look at program adjustments to avoid more families from experiencing the cliff effects.

This commission will help more households across the Commonwealth build assets, reduce their reliance on public assistance, and attain financial stability. Establishing this commission will ensure an evidence-based approach to identify and expand, effective economic development opportunities in Massachusetts.

### **2. Mortgage Licensing Exemptions for Certain Nonprofits**

This provision will help create affordable homes and protect access to housing assistance programs by creating a narrow exemption for affordable housing nonprofits from state licensing requirements for mortgage loan originators.



Many affordable housing nonprofit organizations administer loan programs that help families buy homes, address home repair needs or lead paint remediation, prevent foreclosure, and acquire or preserve housing. Frequently, the nonprofit is administering loans from completely publicly-funded programs.

Creating an exemption from mortgage loan originator licensing requirements for certain affordable housing nonprofits would re-establish in state law an exemption provided by the Division of Banks (DOB) for the past decade. Unfortunately, the DOB rescinded this exemption last year based on a reinterpretation of state law.

Without this exemption, the low-and moderate-income households and their communities would be harmed by losing access to programs that help create and preserve affordable homes. Additionally, these affordable housing nonprofits would face significant expenses for meeting mortgage loan licensing requirements that are more suitable for lenders operating in a commercial, for-profit context. This may result in some nonprofits choosing to stop offering housing assistance programs that involve lending public funds.