



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE • BOSTON, MA 02133
(617) 725-4000

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

January 14, 2021

To the Honorable Senate and House of Representatives:

Pursuant to Section 5 of Article LXIII, as amended by Article XC, Section 4 of the amendments to the Constitution, I am today signing House Bill 5250, “An Act enabling partnerships for growth,” and vetoing certain portions as noted below.

In 2019, the Baker-Polito Administration announced a new economic development plan, entitled *Partnerships for Growth: a plan to enable the Commonwealth’s regions to build, connect, and lead*. The framework outlined in that plan guided the approach taken in the bill, H. 4529, I filed in early March 2020. One week after filing that bill, I declared a state of emergency to respond to the spread of the novel coronavirus that causes COVID-19. Residents of the Commonwealth experienced unprecedented disruption as businesses complied with restrictions I put in place to slow the spread of the virus. Although we have since reopened much of the economy and started the economic recovery process, we have much work to do in the months ahead to assist those who lost jobs, to help businesses recover, and to restore the same economic vitality the Commonwealth enjoyed prior to the pandemic.

The legislation I am signing today will better position the Commonwealth to address and respond to these challenges. My Administration worked closely with the Legislature over the summer to make strategic adjustments to the bill to address needs arising from the pandemic. I want to acknowledge your partnership on this legislation, which is the third economic development package signed by this Administration, but the only one we adjusted in real time to respond to unprecedented public health and economic crises. None of that would have been possible without tremendous collaboration.

This legislation provides more than \$626 million in capital authorization to drive economic growth and improve housing stability over the next five years. I am grateful to the Legislature for authorizing \$50 million to neighborhood stabilization, \$50 million for transit-oriented housing development, and \$10 million in climate resilient housing that will allow the Commonwealth to support more sustainable and resilient housing. Communities around the state will benefit from a \$40 million authorization for the revitalization of underutilized properties and \$10 million for regional and community assistance, tools that are more important than ever for

the COVID-19 recovery. Recognizing the challenges that rural and small towns face, the new rural and small town development fund will provide up to \$20 million to support municipalities on local goals.

The Commonwealth's dynamic business ecosystem is core to the continuing success of our economy. This bill directs capital dollars to support advanced manufacturing and target new and emerging opportunities through the technology research and development fund. Importantly, this bill also dedicates key resources for underserved populations with \$25 million in authorization for microbusinesses and another \$35 million for grants to community development financial institutions and community development corporations to support women-owned and minority-owned businesses.

Although these capital authorizations will allow us to make important investments to accelerate economic growth and recovery, I do feel compelled to note that the total authorization in the legislation exceeds what the Commonwealth has budgeted so far. Capital authorization is the necessary first step before a project can be funded through the capital investment plan.

The legislation also includes many policy changes that will help our businesses, workers and residents. Foremost among these are the Housing Choice provisions I proposed more than three years ago to make it easier to build housing in communities that want it. Passing Housing Choice has been among my top priorities for the past two legislative sessions, and, thanks to your partnership, I am pleased to sign those provisions into law. These sections of the bill represent the first significant zoning reform in decades, and I am grateful that we found a way to get it done. The legislation also includes a section that will encourage multifamily zoning in MBTA communities. Although I did not propose that section, I am signing it because the law gives my Administration considerable discretion to determine compliance. I expect the relevant agencies will work diligently with cities and towns to develop compliance criteria that are fair and reasonable, with due regard for different needs in different communities, and for the time and effort it takes to create new zoning districts.

This legislation features a number of other policy provisions in its outside sections, many proposed by my Administration, and others added during the legislative process. Of the 111 total outside sections, I am signing 100, and vetoing 11. The sections I am vetoing, and the reasons for the veto, are as follows:

Housing Development Incentive Program (HDIP) Affordability Requirement

I am vetoing sections 48, 50 and 55, which collectively would require housing development projects benefiting from an HDIP tax credit to have at least 10 percent affordable units. The HDIP program has helped to produce hundreds of market rate units in our Gateway cities, which has been the goal of the program since its inception. Adding an affordability requirement will make these projects more difficult to finance and add a layer of administrative complexity that is not consistent with the program's goals. We will continue to make significant investments in affordable housing production through other successful programs, such as the state low income housing tax credit. Also, this bill doubles the cap on state LIHTC for the next five years from \$20 million to \$40 million per year.

Rural Jobs Tax Credit

I also am vetoing sections 62, 106 and 113, which would establish a new “rural jobs tax credit.” The stated purpose of this tax credit is to “attract capital investment to businesses in rural areas of the commonwealth in order to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, and attract new business and industry to rural areas of the commonwealth.” But, the program is unlikely to have the desired effect, and as drafted presents numerous implementation challenges. Experience with similar programs in other states demonstrates that these tax credits are likely to provide much greater benefit to the corporate investors who receive the credits than to the rural communities it is supposed to help. Moreover, this section would allow for deployment of tax credits to support investments in communities that are not truly rural, and therefore would not target the incentive where it is needed most. In lieu of approving this program, I am committed to making more direct investments in rural communities, both this year as part of the COVID-19 recovery program, and in future years consistent with the goals and strategies in the economic development plan. These direct investments will have much greater impact on job creation and business expansion in rural communities.

Registration of Motor Vehicles

I also am vetoing section 63, which would require the registry of motor vehicles, prior to issuing a registration for a motor vehicle, to confirm the validity and status of the applicant’s driver’s license and certify that the person is in compliance with applicable rules and regulations related to licensing. This requirement, though well intentioned, would effectively prevent the issuance of registrations for vehicles owned by persons with an out of country or out of state driver’s license. The requirement would also cause issues with the issuance of registrations for vehicles owned by one person but used by other family members.

Tenant Right of Purchase

I also am vetoing section 83, which would allow cities and towns to adopt an ordinance or bylaw that dramatically alters the rights of certain residential property owners to sell that property. The owners of affected properties would be required to, among other things: provide notice of an intended sale to the municipality and each tenant household; offer a tenant association the opportunity to make an offer to purchase the property prior to entering into an agreement to sell the property; and offer the tenant association a right of first refusal if the owner enters into a sales contract with a third party. With some exceptions, these requirements would apply to all multi-unit housing, including market-rate housing, in a city or town that accepts its provisions. These requirements would significantly delay the sale of multifamily homes throughout the Commonwealth, and potentially chill the production of new housing when we desperately need to produce more. Because a viable exit strategy often is critical to a developer’s willingness to undertake a project, I am concerned that making multifamily sales transactions more unpredictable will result in less investment and construction of fewer new rental units. As I have said many times in recent years, the Commonwealth is facing a housing

crisis. We simply cannot risk exacerbating that crisis by making it harder to produce, and sell, multifamily housing.

Eviction Record Sealing

I also am vetoing section 85, which would create a process for sealing records in eviction cases. I am keenly aware that many families are facing financial hardship and may be at risk of eviction due to job loss, reduced work hours, illness or other reason related to the pandemic. And I recognize that an eviction record makes it harder for a tenant to find new housing. However, this section would allow for records to be sealed not just in no-fault eviction cases, but in every eviction case in which a judgment has been satisfied—even in a case where a tenant was evicted for endangering other tenants or engaging in criminal activity. Keeping this kind of information sealed is unfair to landlords and creates unnecessary risks for other tenants. Additionally, the trial courts have indicated this section would impose a significant administrative burden, especially in light of the challenges caused by the need to process cases remotely during the state of emergency, and the need to focus limited judicial resources on eviction diversion for the foreseeable future.

Minority and Women-Owned Enterprises in Public Construction Projects

I also am vetoing section 95, which proposes to form a special commission to study the participation of minority and women-owned enterprises in public construction projects. With the support of the Black and Latino Legislative Caucus, I filed legislation on this exact topic in the 2019-2020 legislative session, House 4511, “An Act to Expand Opportunities for Minority and Women Business Enterprises in Public Construction Projects.” That legislation, which I anticipate will be refiled in this new legislative session, would have both increased the thresholds to which the Commonwealth’s filed sub-bid requirements apply in public construction projects, and would have allowed DCAMM to set participation goals on sub-contracted work in projects over \$5 million. With other proposals in the bill, that legislation would have created countless opportunities for minority and women-owned business enterprises. That legislation resulted from years of study, notably including the disparity study completed by DCAMM and published at the end of calendar year 2017. The commission proposed in Section 95 is unnecessary, both because of this prior work and because the issues to be considered can all be considered as part of the joint committee work on the refiled version of H.4511.

Delayed Effective Date for Housing Choice

Finally, I am vetoing section 102, which would delay the effective date of the Housing Choice provisions for 90 days. As I noted earlier, Housing Choice is the first significant zoning reform in decades. Cities and towns should be able to take advantage of the revised voting thresholds immediately.

The remainder of this bill I approve.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Charles D. Baker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles D. Baker
Governor