

# BANKER & TRADESMAN

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## OPINION

### HOUSING MATTERS

# CPA For Housing: Making The Case In Boston Begins In Cambridge

City Has Spent 80 Percent Of CPA Funds On Affordable Housing

BY SUSAN GITTELMAN  
SPECIAL TO BANKER & TRADESMAN

Yea or nay – in the fall Boston voters will choose a simple answer to a complicated question. Is the prospect of generating an additional estimated \$20 million a year for the city worth shouldering a small increase in property taxes? A substantial share of these funds could be applied to build more affordable housing.



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The Community Preservation Act (CPA) was created by the Legislature in 2000 to give cities and towns the option of raising more money for three desirable purposes: housing, open space and historic preservation. Massachusetts communities could vote to adopt it for themselves – 160 of the 351 have – and add a small surcharge of up to 3 percent to property tax bills.

For some, approving this is a no-brainer. For others the question is more complicated. While the CPA has great potential, it also has its limitations that must be understood to ensure its usefulness.

When communities adopt the CPA, their locally contributed CPA funds are matched

by an additional 30 percent or so from the state. This match, which relies on a fee on property sales transactions, provides important leverage to the locally raised funds.

Advocates of housing, parks and historic preservation embrace the CPA. Appointed committees decide how the funds are allocated locally. A minimum of 10 percent of the money goes to each of the three purposes, and that leaves 70 percent up for negotiation.

From a statewide perspective, critics of the CPA have argued that poor communities tend to subsidize rich ones because, generally speaking, more affluent cities and towns have passed it and partake in state matching funds, while all communities pay in. Others observe that a disproportionate number of property sales within the commonwealth take place in Boston, and the city is currently not getting its fair share.

Some consider it an “end run” around Proposition 2 ½, which limits increases in property taxes. But they acknowledge that it’s the voters of each community who choose.

Probably one of its most powerful attributes – flexibility – is also one of its weaknesses. If voters are going to approve a measure to tax themselves, it is essential that how those funds are to be spent is

clearly defined.

Even supporters make the valid point that a couple of the purposes on the CPA – housing and open space – often conflict with each other. That is, many communities statewide have used the money to secure conservation and open space. That becomes off limits for development, further driving up land and housing costs.

### Affordable Housing In Cambridge

The jewel in the crown of the CPA, from the perspective of the housing community, is the city of Cambridge. Unlike any other community, Cambridge has been deliberate and consistent in spending most of its CPA money on affordable housing. From inception through last year, Cambridge has spent \$143 million on CPA projects – and 80 percent, or \$115 million, has been for housing.

Cambridge officials say extensive public process has shown widespread support for affordable housing. More than 1,600 units of housing have been created in Cambridge with CPA funds.

Back in Boston, voters will get another chance to opt in this November. The measure is being strongly supported by housing advocates.

Open space and historic preservation are important, but in Boston high housing

costs are reaching a crisis level. The quality of life of residents, our ability to keep and draw new talent and businesses to the area, and our economic future depend on our ability to create new housing opportunity and avoid pricing people out.

Perhaps now that the act has a record of success, as well as some lessons for how for each community can best use its funds, Boston residents will vote differently than they did in

2001, when the proposal for a 2 percent property-tax surcharge did not pass. The vote in the fall will be for a 1 percent surcharge.

Advocates say adopting the CPA would cost Boston taxpayers an estimated \$13 million, or an average of \$23 per household annually. (The poor and elderly and first \$100,000 of property values would not be subject to the surcharge.) That would create about \$20 million, up to \$16 million of which could be spent on housing if

the city chooses.

Together we must make the case that housing is deserving of the lion's share of this valuable resource. We have to look no further than across the river for inspiration. ■

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