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THE FINANCIAL SERVICES AND REAL ESTATE WEEKLY FOR MASSACHUSETTS

HOUSING MATTERS

Redouble the Effort to Support the Community Preservation Act

Quarter-Century-Old Law an Effective Tool That Should Be Expanded

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SPECIAL TO BANKER & TRADESMAN



When the Community Preservation Act was enacted in 2000 its purpose was clearly defined: providing resources for cities and towns to invest in open space and land for recreational use, historic preservation and affordable housing.

It is a voluntary program adopted by municipalities that elect to tax themselves for public purpose projects. And there is flexibility, which is why so many communities have opted in and none has withdrawn. Over half of all Massachusetts' cities and towns have adopted the popular program, including 70 percent of all Massachusetts residents.

The CPA generates funds through a surcharge on local property taxes of up to 3 percent. Local funds are matched by money from the state. In the early years of the program the state match was almost 100 percent, though in recent years it has been reduced significantly, in part because a lagging real estate market has reduced fee revenues.

The program is unique to Massachusetts and it has been a success. It has resulted in investment in 3,300 parks and open spaces, 6,700 historic preservation projects and 26,000 affordable residential units.

Could the CPA Be Doing More?

But there are those who suggest the CPA has not done enough. A recent report from the Greater Boston Real Estate Board, in partnership with the Center for State Policy Analysis at Tufts University, suggests that the CPA is not effectively supporting housing investment when the state is in such desperate need.

The real problem is the lack of local political will to seed new housing.

The study concluded that municipalities are not committing enough funds to housing, not enough housing is being created and there is a contradiction in the program, in that expanding open space can remove development sites from the market.

Last year the state match was only 30 percent of local allocations and projections are

that the base match will fall below 20 percent this year.

Each city or town is required to spend, or reserve for later spending, at least 10 percent for open space or recreation, 10 percent for historic preservation and 10 percent for housing.

More than \$3.15 billion has been raised to date either directly or by bonding for community preservation statewide. And the largest share of CPA money has been devoted to housing. Are we raising enough? No. But communities are meeting the CPA's rules by allocating money to housing, in some cases much more than 10 percent.

The second question is how effectively is it supporting housing and new housing production? Only in some cases does the CPA dramatically increase housing production. But this problem is not intrinsic to the CPA. It is just a tool to achieve new developments that are proposed. If no new housing is being proposed at the local level, there are no projects to benefit.

The real problem is the lack of local political will to seed new housing that can benefit from CPA funds and other resources. Forcing communities to build housing if they are determined not to is almost impossible in a state with such strong local control as Massachusetts.

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Finally, there is the open space versus housing dichotomy. Housing Forward-MA, a group that advocates for housing statewide, noted from the GBREB report that, “Some communities are meeting the basic statutory requirements yet using CPA funding to support open space or recreational activities to actively prevent the development of new housing, contributing to the affordability crisis.”

Where To, Next

The GBREB study brought into focus three areas where CPA can be enhanced.

First, to increase CPA resources for housing, encourage all towns to commit more CPA spending on housing and increase these

percentages beyond the other two categories. Housing Forward has suggested a legislative fix to the statute to raise the minimum percentage from 10 to 40 percent.

It is just as important for the state to restore truly matched funding for this program, making up for reduced fee revenues by allocating more funds from the state budget.

Secondly, a stronger connection between applying CPA resources into housing initiatives would help. For example, resources for housing production that emerge from specific municipal rezoning efforts like the ones being implemented under the MBTA community legislation could foster as-of-right multifamily housing.

Finally, under CPA it is important not only to create open space but also to build homes for people – to realize the full purpose of CPA, rather than, for example, just reserving the money for possible use later.

For over two decades, CPA has emphasized housing as a critical component of the community preservation agenda for the state’s cities and towns. It is not perfect, but it is quite good and deserving of all of our resolve to make it the best that it can be. ◀

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