

# Community Benefits Agreements

Cumulative Impacts National Workgroup Presentation

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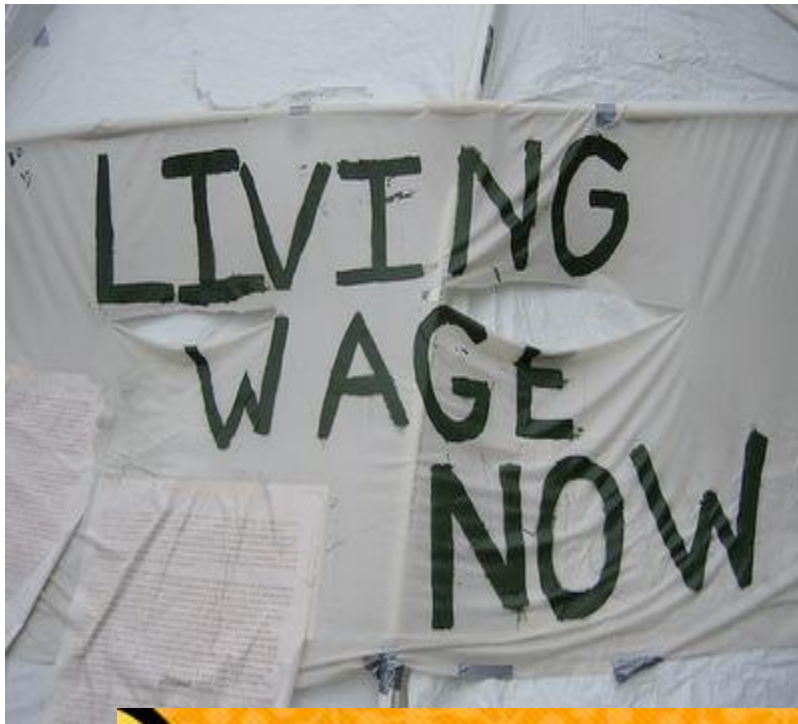
# The Community Perspective on Developers



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# The Community Perspective



# Community Benefits Agreements

**The CBA process: A developer enters into a private contract, usually with a coalition of community, faith based and/or special interest groups in exchange for their support, cooperation, or forbearance regarding the proposed development. Often when a CBA is not established a municipality will incorporate (in whole or in part) the CBA coalition's goals into a development agreement.**



# CBAAs

**Once the CBAAs are negotiated, developers then approach the issues of regulatory applications, reviews and approvals. CBAAs have advanced for use on only about 50 developments to date. However, because of the opportunities for community groups to participate in and obtain greater rewards, CBAAs are very likely to become more common for all types (and sizes) of development endeavors receiving subsidies and regulatory concessions.**



# Research

**This research is based on a national survey of individuals from community and neighborhood stakeholder groups who have participated in developments involving CBAs. I am not aware of any other studies on CBAs that have taken this approach or collected data explored in this study. The existing literature on CBAs generally addresses specific developments, legal issues, advocacy issues, planning/regulatory issues and organizing practices. There is scant evidence (Been, 2010) either empirical or anecdotal, to evaluate whether CBAs are a net benefit to the parties and communities involved.**



# Brief History of CBAs

- **The first CBA in the U.S. was the Hollywood and Highland CBA created by the Los Angeles Alliance for a New Economy (LAANE) in 1997. LAANE also played a major role in the development of the Los Angeles Sports and Entertainment District Development in 2001---a \$4.2 billion project with \$150 million in public subsidies with the use of eminent domain powers.**
- **CBA outcomes are not limited to only physical development. For example, a city wide Wi-Fi network CBA was negotiated as part of the Minneapolis Digital Inclusion Project with the intention to minimize a “digital divide” in the community (Levine, 2010) by making the city’s internet service more accessible to low income residents.**
- **The State of Maine requires CBAs to be negotiated (State of Maine, 2010) between wind farm developers and host communities.**



# **CBA project components or development processes that address community goals**

- **Type I--CBA goals addressing area conditions.**
- **Type II--CBA goals addressing the development process.**
- **Type III--CBA goals addressing long-term development, policy or community goals.**
- **Type IV -- overall goals such as environmental justice, social justice, and racial equality**





# Goals of Community Benefit Agreements— Type I-Area Conditions

- **building low income rental housing, accessibility, affordable homeownership, space set asides for community and non-profit centers like child care centers or grocery stores, developer funding of community organizations, social services assessment, establish a public complaint hotline, environmental clean-up, brownfields development, public safety, homeownership grants, low interest home loans, noise and air pollution mitigation, neighborhood clean-up, transit accessibility, developing space for local businesses, creation of adequate parking, transit oriented development**



# **Goals of Community Benefit Agreements—Type II— Development Process**

- providing local living wage jobs for construction, union construction jobs, job training programs, providing technical assistance for local contractors, affirmative action contracting, green building principles/practices, support for displaced residents, support for displaced businesses, first source/targeted hiring for construction, design review, monitoring CBA compliance**



# Goals of Community Benefit Agreements—Type II—Long term

- **creating living wage employment, space set asides for retail and commercial uses, restrictions of big box retail, funding for libraries and schools, providing funding for community organizations, construction of parks/open space, construction of community recreational facilities, green building operations, community input on the selection of tenants, transit issues, mitigation of traffic congestion, first source targeting hiring.**

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# Goals of Community Benefit Agreements—Type IV

- **overall goals such as environmental justice, social justice, and racial equality.**



# Community Motivations for Seeking a CBA

Survey respondents indicated an overwhelming preference for community goals associated with broader long-term community issues. This area of community goals was identified in Table 1 as Type IV goals addressing long-term community issues. The two highest community motivations in negotiating CBAs reflect economic justice and local living wage jobs and the data shows little variance in the responses. The importance of broader community goals is reflected in the first five response categories and then, beginning with the displacement of residents, moves into the physical dimension of real estate development.



# Community Organizational Goals

**Forty percent of the respondents represented level neighborhood organizations. The objectives of the respective organizations overwhelming (67%) was directed to fighting poverty. Slightly less than half of the respondents, the second largest category, indicated that their goals embraced forms of community organizing directed to diverse community needs. Forty percent of the respondents indicated economic development as an objective. Goals like minority employment (33%), smart growth (27%), and environmental issues (20%) followed in importance**



# Structure of CBA Coalitions

**The respondents indicated (77%) a strong network of local groups associated with the CBA coalition. National and regional CBA organizing groups only accounted for 8% respectively for CBA coalition negotiations with developers. Other groups involved in the CBA coalitions that were identified by survey respondents included labor unions, environmental groups and faith based groups.**



# Community Group Training Needs

- **community organizing**
- **enforcement of the CBA**
- **financing development**
- **understanding development financials**
- **community needs assessment**
- **the planning process**
- **preparing community coalition operating agreements**
- **legal aspects of CBAs**
- **development regulatory approvals**





# Community Group Training Needs

- **real estate development process**
- **community issue identification**
- **community visioning**
- **advocacy**
- **real estate negotiation**
- **technical aspects on the CBA process**
- **working with city planning and zoning**
- **real estate market analysis**



# Points of Difficulty in CBA Negotiations

- The areas of difficulty in negotiating CBAs that were identified by survey respondents is lead by the need and cost for legal expertise and challenges of local organizing.
- Negotiation of CBAs and how to research a proposed project. Other areas of difficulty interwoven with the survey responses on negotiation difficulty addressed how to organize, conduct meetings and how to develop and maintain community group alliances. Open-ended responses to this question included concerns that there was not a formal process to negotiate CBAs, lack of structure for public involvement, difficulty of preset timelines for CBA negotiations and an overall weak structural process for CBA negotiation.



# Ranking of Ways that CBAs Improve the Development Process

increases public participation on development outcomes

enables project to reflect citizen and area needs

makes a project reflect community visions

provides direct community input on project development

provides for the monitoring of development outcomes

provides developer accountability for public subsidies

assures political support

enables the community to evaluate community benefits from multiple developers

assures zoning changes

saves time on regulatory approvals

enables project to meet real estate market demands

saves time



# **Developer Benefits Associated with CBAs**

**There is no question that the respondents recognized the benefits of a CBA flowing to project developers. CBAs enhance the developers' prospects for timely project approval and political support. Issues regarding project controversy, subsidies, risk of litigation, and zoning changes displayed a high degree of variance**



# CBA Shortcomings

**Issues of community identification in CBA negotiation is at the forefront of the shortcomings identified by survey respondents. Issues of CBA benefit measurement and community representation showed low levels of variance. Questions of who is the community and where should the CBA benefits flow, is unmistakable. The issues of community representation and allocation of CBA benefits is at the heart of the question of CBA legitimacy and effective regulatory structure.**



# Value of Public Subsidies

Survey respondents were well aware of the role subsidies play in making projects attractive to the development community. Clearly, public subsidies significantly enhance developer cash flow and reduce developer risk. With a significant level of subsidies, CBAs can also be supported by the developer. A significant amount of variance was present in responses on council member support, elimination of litigation, cost effectiveness of providing community benefits and zoning changes.



# Ranking of Community Power in CBA Negotiations

- |  |   |  |  |
|--|---|--|--|
| • developer need for public subsidies                    |   |  |  |
| • large number of residents involved\                    | • |  |  |
| • public financing                                       | • |  |  |
| • media exposure of the project's benefits               | • |  |  |
| • large number of community groups involved              | • |  |  |
| • developer's need for a specific property               | • |  |  |
| • political support from local elected officials         | • |  |  |
| • incorporation of the CBA into an area development plan | • |  |  |

