

AN ACT RELATIVE TO CREATING COMMUNITY BENEFIT DISTRICTS (CBDs)

Sponsored by Sen. Eileen Donoghue (S 82) and Rep. Brendan Crighton (H 1971)

This is a bill that passed last term as part of the economic development bill but was vetoed by the Governor; this version contains changes designed to address concerns raised.

PURPOSE OF THIS BILL

This legislation would provide cities and towns with the opportunity to create Community Benefit Districts (CBD) to provide supplemental services and management of important areas including downtowns, town centers, “Main Streets,” villages, or urban squares.

A CBD provides a local-option mechanism for sustaining a district’s revitalization and placemaking efforts by establishing a public-private-nonprofit partnership, managed by a 501(c)3 organization, and financed by a property assessment and typically other revenue sources.

There are over 2,000 districts around the nation that use a CBD or Business Improvement District (BID) model. Many, particularly CBDs, are able to use entrepreneurial revenue, foundation/charitable support, and parking revenue to fund their work, in addition to a property assessment.

This bill does NOT replace the existing BID statute and represents another option for local stakeholders and municipalities.

CHANGES MADE IN THE BILL

The bill now encourages, but does not require, tax-exempt property owners to participate. Such owners may provide in-kind services or agree to pay for supplemental services provided by the CBD. The bill also exempts residential owners who qualify for existing exemptions from local property taxes.

WHO IS INTERESTED IN CBDs

The Massachusetts Smart Growth Alliance has spoken to groups across the state who have already expressed an interest in learning more, including from cities and towns as diverse as: New Bedford, Lowell, Worcester, Boston, Andover, Salem, Somerville, Plymouth, Beverly, Melrose, Cambridge and Lawrence.

Last term, supporters included: Massachusetts Municipal Association, Massachusetts Smart Growth Alliance, MassCreative, Springfield Chamber of Commerce, Worcester Regional Chamber of Commerce, Western Massachusetts Economic Development Council, Cambridge Chamber of Commerce, and LOCUS: *Responsible Real Estate Developers and Investors*, among others.

(Turn Over)

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WHY CBDs ARE NEEDED

With residential growth and interest in walkable areas booming, local governments need additional capacity to develop and manage busy areas like downtowns, Main Streets, and village centers. These special places need extra services (such as cleaning, branding, cultural programming, landscaping, supporting local businesses, etc.) that the municipality sometimes cannot provide. CBDs can help solve the problem by establishing a local public/private/nonprofit partnership managed by a 501c3 nonprofit entity, which could be either an existing organization or a new one.

To establish a CBD, a community would work with local property owners to develop a management plan and stakeholders would assess themselves a fee (like a condo fee) to pay for implementing the plan. The private and nonprofit property owners, municipality, businesses, and the community at-large would oversee the nonprofit management organization, and could dissolve it if desired.

The CBD proposal enables communities to identify their own unique needs and solve their own problems. Some examples of how it could work:

- A downtown district that cleans snow from the sidewalks, empties trash receptacles every day, provides extra security, landscapes and maintains plantings, manages special events, works with agencies to improve transportation, implements a shared valet parking program for restaurants, recruits new businesses, and identifies possible locations for affordable housing.
- A cultural district (like a Little Italy or Chinatown) that provides cultural programming and art, offers outdoor seating, tells the story of the neighborhood families through plaques and banners, helps develop design guidelines that accentuate the unique character of the neighborhood, and attracts new entrepreneurs and investment from that cultural group.
- A Main Street CBD that markets itself as a destination for visitors with a website, events, and social media, manages a farmer's market, provides technical assistance to small businesses, helps the municipality review new development proposals and develop rules to encourage food trucks, and raises funds for small plazas and a new dog park.
- An arts district that creates a way for artists to directly participate in managing public spaces, organizes festivals, supports public art projects, and works with property owners to develop long-term affordable live-work spaces for artists so that they do not get pushed out by rising prices.
- A series of suburban town centers connected by a shuttle service, with shared regional marketing and coordinated events.
- A historic district that develops maintenance plans for aging structures, implements painting or other improvements on a regular schedule, repairs and manages neglected properties, hosts events, researches, documents, and preserves local history, and coordinates works with tourism boards and historic sites.

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