

## **COMMUNITY BENEFIT DISTRICTS (CBDs)**

### **Request: Include language in *An Act relative to job creation, workforce development and infrastructure investment (H. 4461)***

**Proposal:** *Allow municipalities to establish Community Benefit Districts managed by non-profit entities. CBDs enable property owners to assess themselves a small fee to implement a management plan for the district, which could address activities such as sidewalk cleaning, landscaping, branding and marketing, creative placemaking, security, small business assistance, historic preservation, park improvement, and more. It creates a mechanism for communities to identify their unique challenges and create their own solutions. Districts are created through a petition of property owners followed by a successful vote of the Board of Selectmen or City Council. CBDs are similar to Business Improvement Districts (BIDs) which have existed in Massachusetts for 20 years, but are more community oriented and offer a series of advantages that will be more attractive to a wider range of communities and districts. Language drafted.*

**Who supports this:** 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.

#### **Purpose of Community Benefit Districts**

With young professionals and seniors increasingly attracted to walkable, vibrant areas, our state's downtowns, urban squares, town centers, and small villages are becoming more desirable places to live, work, and shop. However, most cities and towns struggling to keep up with basic services lack the ability to effectively develop and govern such exciting places. Local governments need additional capacity and partnerships to manage these busy areas and deliver all the services that are required.

Community Benefit Districts (CBDs) solve that problem through a local public/private/nonprofit partnership managed by a 501c3 entity, which could be an existing organization or a new one established for such a purpose.

More and more, our communities are anchored by nonprofit institutions, public agencies, and residents. However, major nonprofits like museums, hospitals, universities, and others do not contribute to property taxes. A CBD provides an effective framework through which those entities can contribute directly to the district's maintenance and management. They also create a new way for residents to participate more directly in local governance. There are over 2,000 districts nationally that use a place governance model.

#### **Process to establish a CBD**

A local group would launch an organizing campaign to talk to property owners, the city or town, and other key stakeholders to find out what services are needed and whether there is a willingness to help pay for them. A management plan would be drafted, a schedule of fees and management entity proposed, and district boundaries set. Then each property owner would sign a petition that details the management plan and exactly how much he or she would pay. When the petition has broad support (representing over 50% of district property assessments at a minimum), the petition is filed with the Clerk and a public hearing is scheduled. Finally, there is a vote by the Board of Selectmen or City Council whether to approve the district.

#### **Is this a new fee or tax?**

No, CBD is not a new state fee or tax. It is more like a contract for services, or a condo fee. Revenues are not a tax because they never enter the municipal General Fund—they go to a nonprofit management organization governed by a community board to implement the district management plan. It is also not a new kind of fee, because this mechanism has existed in Massachusetts law for 20 years as part of the Business Improvement District (BID) statute. CBD is simply a new "flavor" of BID that will enable more communities to use it.