

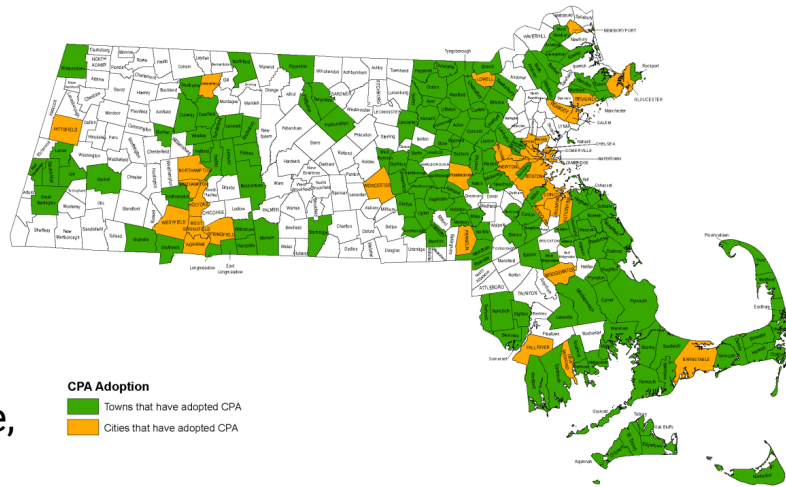
# Community Preservation Act: Potential Changes

## Proposal to Better Support Housing Affordability

### Background

Passed into law in September 2000, the Community Preservation Act (CPA) allows communities in Massachusetts to implement a property levy surcharge to support local development activities. The community first votes to enact the law, determines the rate of surcharge of up to 3%, and then must allocate at least 10% of CPA funds to each of the following three categories of projects: open space, historic resources, and community housing. As of writing, 195 of the 351 eligible communities have enacted the law, and 70% of Massachusetts residents live in a community currently using CPA.

The CPA is a powerful tool that allows communities to support various housing projects. These span a number of functions, from the acquisition and development of affordable housing to supporting first-time homebuyers or refinancing debt. Cambridge, for example, reports that it has used CPA funds since its enactment in 2002 to create or support over two thousand units. While many of these units involved acquisition or development of affordable housing, some projects revitalized its public housing or helped create single-room occupancy housing options.



CPA Adoption  
Green: Towns that have adopted CPA  
Orange: Cities that have adopted CPA

Community Preservation Coalition  
Preserving our past. Building our future.

### Community Preservation Act



However, recent reports have highlighted that some municipalities are not allocating sufficient funds to support housing activities per CPA statute. Housing Forward MA (HFMA) staff have used community-reported data to find that 54 communities have insufficiently allocated its funds; the original cited [report](#), performed by MA Housing Solutions, finds 70 such communities. Some communities are legally meeting their obligation yet using other CPA funding to support open space or recreational activities that actively harm the development of housing, contributing to the affordability crisis.

## Proposed Changes: Overview

HFMA sees an opportunity to make minor adjustments to the Community Preservation Act with the goal of capitalizing on its ability to support housing development and address the Massachusetts housing crisis. At a minimum, we hope that all municipalities will meet the basic obligation of allocating 10% of funds to housing projects, whether voluntarily or by some form of enforcement. We also believe the CPA would be stronger with two fundamental changes to its allocation requirements:

- (1) Require communities to **allocate a minimum of 40% of CPA funds** to housing projects under normal circumstances.
- (2) If communities meet certain conditions, possibly required in other legislation, the community will be **required to allocate its funding in more strict manners**.

Housing Forward MA believes these changes not only preserve sufficient autonomy of each community to make decisions for projects it needs, but also require funding be used to address a state-wide crisis by supporting housing activities and development.

## Step 1: Meeting Current Obligations

MA Housing Solutions recently published a report stating not all communities that have enacted the Community Preservation Act have legally allocated enough funding to housing activities. They report 70 such communities, representing over one third of all CPA-enacted municipalities. We call for all communities to meet these minimum standards and support housing activities. Given this is a minimum required by law, these standards and requirements should be enforced, if necessary. These CPA projects are significant inflows of public funding to support these crucial projects; even without adjustment to the current law, Massachusetts citizens should see their communities support them as possible and legally required.

## Examples of CPA Housing Fund Uses

CPA funds have been used in a variety of ways to support housing across the Commonwealth. The following are examples of communities that have some noteworthy uses, demonstrating the importance and ability of communities of all sizes to take advantage of CPA funds to increase housing stability and affordability.

- (1) **Cambridge** has dedicated approximately 80% of its CPA funds to housing projects and has helped create or support 2,308 units using around \$270 million. Most of these units (over 1,800) have been in projects HFMA has categorized as acquisition, development, preservation, or rehabilitation of affordable housing. Cambridge especially uses CPA funds to support larger projects, helping provide large capital flows—representing large percentages of project costs—to develop properties with dozens of units. Also supported include public housing revitalization, first-time homebuyer assistance, project refinancing, and developing single-room occupancies.
- (2) **West Tisbury** has dedicated over 60% of its CPA funds to housing projects to build or support 175 units. Like Cambridge, most of its funds go toward affordable housing development; however, the CPA project funding amounts are smaller. Where Cambridge funds large projects with large cash flows, costing nearly \$150,000 per unit, West Tisbury provides smaller subsidies per unit, averaging around \$37,000 per unit.
- (3) **Chelsea** has allocated over 50% of its CPA funds to housing projects. However, unlike Cambridge or West Tisbury, it has not funded the construction or support of housing units; instead, the majority of its funds were allocated to Covid-19 Emergency Rental Assistance for families making below 50% AMI.

Although large communities like Cambridge can take advantage of CPA funds and construct large affordable housing projects, examples such as West Tisbury and Chelsea show that there are equally important programs and projects representing smaller increments and other purposes. Thus, every community can find valuable purposes for marginal housing expenditures and should spend at least 10% of its CPA funds on impactful housing projects.

## Step 2: Proposed Changes to CPA

### *Increase Housing Obligations*

Solutions to the housing crisis must be broad, in both geography and strategy. As the crisis is fundamentally caused by a severe undersupply of housing across the state, all municipalities in Massachusetts must focus on local housing production and affordability to meet rising demand. CPA funds—when dedicated to housing—provide a tool for alleviating these price pressures, allowing Massachusetts citizens to live more affordably and be more active participants in their local economy.

HFMA believes that by increasing the required allocation to housing projects from 10%, legislators could encourage municipalities to more effectively counter trends of unaffordability in their communities. As demonstrated above, these funds may not only be used to help increase housing supply (thus naturally reducing the housing gap driving unaffordability) but could also help alleviate current renting costs for low-income communities.

We propose raising this obligation to 40%. We believe this is still a reasonable expectation of each community; currently twenty-two communities are already accomplishing this feat. Four communities (Cambridge, Dighton, West Tisbury, and Lowell) have gone above this benchmark, allocating at least 60% towards housing. An increase in this obligation would have to be met with the expectation of strict enforcement; those municipalities reluctant to allocate 10% would need strong incentives to increase to a higher—yet beneficial—share of housing funds.

## **Situational Obligations**

HFMA also believes there are helpful possible additions to the Community Preservation Act that could help steer funding toward housing. When certain conditions arise—typically illustrating inadequate attention to housing or sufficient open space—we believe it to be advantageous to obligate communities to allocate funding more specifically and narrowly. Some examples are listed below.

- (1) **Community is not compliant with MBTA Communities Act.** Under this law, certain towns with access to MBTA services are required to have plans for or have adopted a zoning district where multi-family housing is permitted as-of-right. However, some communities have been reluctant to complete a compliant plan. Given this noncompliance prevents the addition of density and thus likely continues trends of unaffordability, we propose that out-of-compliance communities must spend 100% of their CPA funds on housing activities. This could return to normal once they begin or return to following the MBTA Communities Act.
- (2) **Community has less than 10% affordable housing, per 40B.** Similarly, if a community has not developed a minimum of 10% affordable housing—and thus developers can bypass local zoning per 40B—it must allocate 100% of CPA funds on housing activities.
- (3) **Sufficient Open Space:** If a town has already developed sufficient open space, we propose it should only be permitted to spend “open space” funding on maintenance, rather than acquisition of new land. This would prevent the town from using CPA funds to purchase so much land that it makes housing even more unaffordable. We propose that this threshold happens at 25% open space; with any space beyond this figure, the community would not be able to use CPA funds for further land acquisition.

Note: The open space threshold of 25%, while flexible, was decided from various sources. [NextCity](#) identifies a goal of 15-20% of land area being open space, while [Demographia](#) identifies most major cities as having below 15% open space, with only New York and San Francisco above the 25% threshold. Because this proposal would prevent using CPA funds for further acquisition, but not ban acquisition altogether, the threshold was set at 25%; above estimated targets and current major city figures, but not significantly so.

## Summary

The Community Preservation Act offers one of the most powerful tools to fund housing projects in Massachusetts. However, despite over half of eligible communities having enacted the law, and despite the requirement obliging at least 10% of funds be spent on housing-related activities, there is room for improvements. Seventy different communities have failed to allocate sufficient funds to housing; even among those that meet the obligations, some use the raised funds to support projects that make affordable housing goals more difficult to achieve.

Housing Forward-MA urges that, at a minimum, all communities respect the law as written and as adopted and allocate the minimum 10% of funds to housing goals. There are many different ways a community could use these funds, including funding large projects, paying salaried housing department staff, or supporting Emergency Rental Assistance programs.

Additionally, Housing Forward-MA believes that this law would be most effective with adjustments to spending obligations. If municipalities are required to spend more on housing, and are prevented from using funds for non-housing purposes under certain requirements, the CPA will become a much more useful tool in combatting the state housing crisis.



**Housing Forward-MA** is a nonprofit research and education organization focused on developing and disseminating accurate data related to housing creation in Massachusetts and the broader economic impacts of housing supply and demand. By providing training, education, and model policy proposals our organization will support organizing and advocacy efforts for affordable, workforce housing across the state.

For more information, please visit our website: [www.housingforwardma.org](http://www.housingforwardma.org)