

Community Preservation Act Hits 5-year Mark

Boston program distributes funding for community projects

Since Boston's Community Preservation Act (CPA) program began in 2018, the City has received \$119.9M in CPA revenue to support projects focused on housing, open space and recreation, and historic preservation. A total of \$118.3M in CPA funds has been distributed for projects, including support for 1,145 affordable housing units, funding for over 100 historic preservation sites, and more open and recreation spaces in most Boston neighborhoods. What has been successful so far? Is this program focused on equity in the distribution of funds? What can the City do to improve the CPA program?

Report Objectives

This report provides information and insights on:

- CPA funding distribution across the city: a 5-year analysis
- How the CPA program addresses equity
- Areas for CPA program improvement

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Background

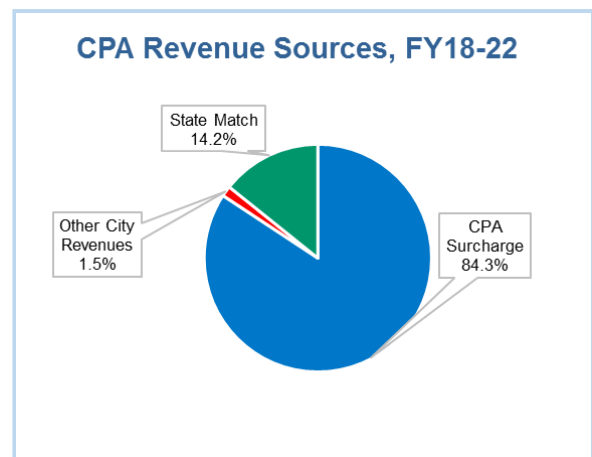
The Community Preservation Act (CPA) was adopted in Boston in 2016, with the first round of funding starting in 2018. CPA revenues come from a one percent surcharge on property tax bills, state matching grant funds, and other smaller city revenue sources. So far, this competitive program has distributed \$118.3M for projects focused on housing, open space and recreation, and historic preservation. In FY22, the average Boston homeowner paid \$55 towards the CPA fund, while the average commercial property paid \$2,589.

The Community Preservation Committee (CPC) recommends a slate of projects to the Mayor and the City Council for approval. The CPC consists of nine members to bring diverse and specialized perspectives: five are appointed by municipal commissions and authorities, such as the Boston Housing Authority and the Boston Conservation Commission, and four are at-large appointees. The CPC must hold at least one public hearing every year.

CPA funding recipients must be ready to use the funds upon receipt. Applicants have two years to complete open space and recreation and historic preservation projects, five years for affordable housing projects (e.g., building affordable housing units), and two years for affordable housing programs (e.g., ONE+Boston, a program that expands opportunities for low- to moderate-income first-time homebuyers). If a project does not use all of its funds, the remaining amount is returned to the CPA fund for reallocation in subsequent years.

CPA Revenue Sources FY18-22

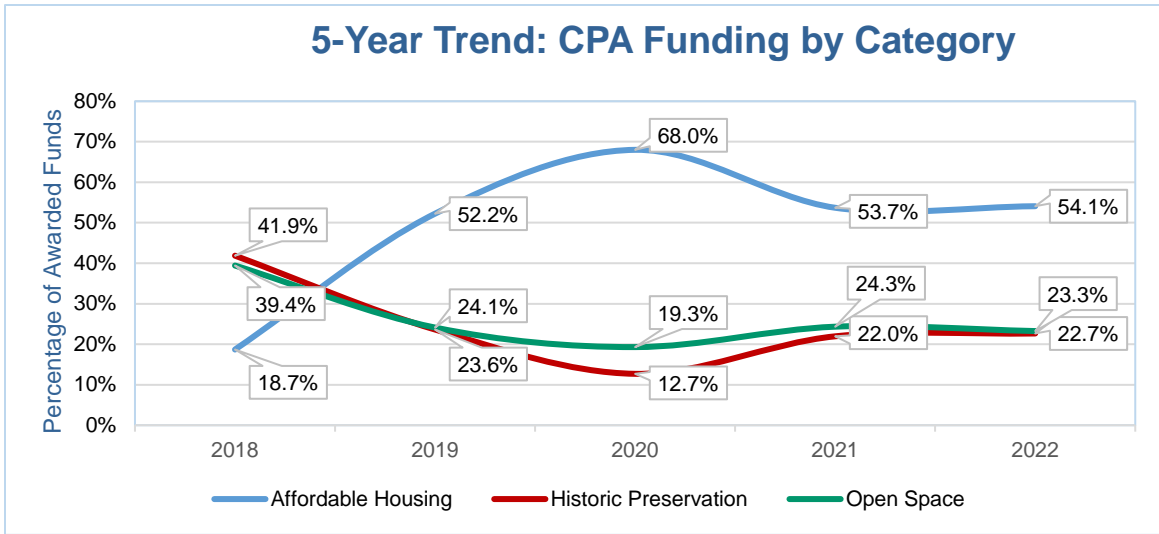
From FY18 to FY21, Boston raised \$83.5M through the CPA surcharge and budgeted \$22.5M for FY22. In the last five years, business property owners paid \$68.1M (62.5%) of the CPA surcharge and residential owners paid \$37.1M (34.0%). Additionally, the Community Preservation Office (CPO) received \$1.9M through other city revenue sources, such as interest and penalties. The City also received \$14.6M in state reimbursements for FY18-21 and \$3.3M was budgeted for FY22. Overall, the FY22 total CPA appropriation amounts to \$29.5M, which includes reverted funds.



CPA Spending

State law requires at least 10.0% of CPA funding go towards each of the three funding categories, with the remaining 70.0% allocated towards any category. In the most recent funding rounds, the CPC adopted soft guidelines allocating 50.0% of CPA funding towards affordable housing, 20.0% towards open space and recreation, 20.0% towards historic preservation, and the remaining 10.0% available for any of the categories. Not all of the funds collected in a fiscal year have to be spent that year; they can be reserved for future projects. Up to five percent of the CPA revenue can be set aside for program administration costs.

Proposed projects must meet certain criteria and principles, such as bringing a long-lasting benefit to the community and showing a strategic plan to fund ongoing operations and maintenance (which the CPA does not fund).

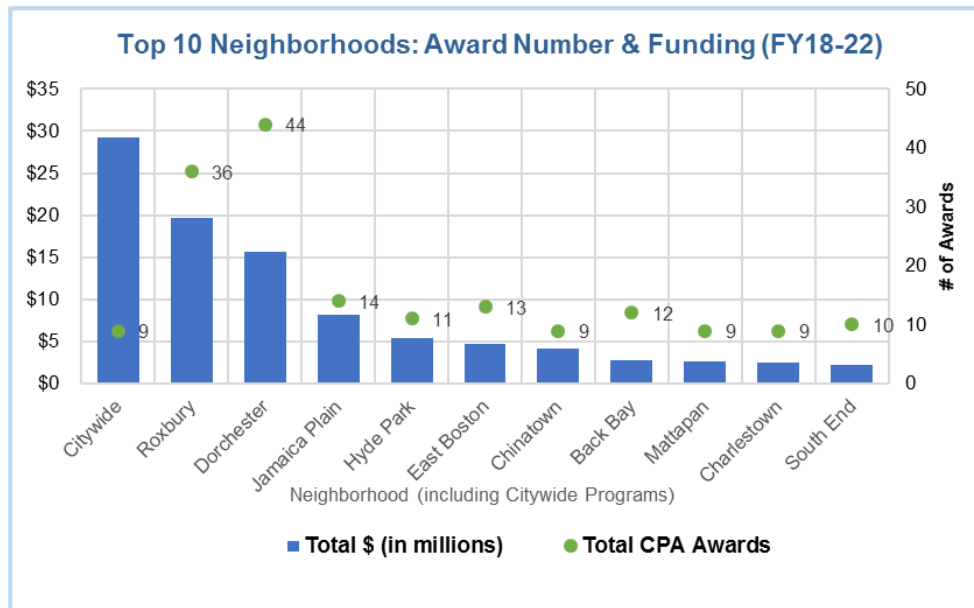


Distribution of CPA Funds, FY18-FY22 - To date, Boston has received 417 applications requesting a total of \$194.0M; the CPC recommended \$147.3M in funding for 242 applications. The City Council and Mayor accepted most of these recommendations, totaling \$118.3M: \$63.7M for 37 affordable housing projects (53.8% of all CPA funds), \$26.2M for 108 historic preservation projects (22.1%), and \$28.5M for 95 open space and recreation projects (24.1%). As of October 2022, over 90% of funds for FY18-21 projects have been paid out, but some projects may not be completed.

While the distribution of CPA funding across categories largely depends on the number of viable applications, the CPC prioritizes affordable housing projects. With the exception of 2018, the majority of annual CPA funding has gone towards supporting this category—illustrating the City’s commitment to tackling the housing crisis. The 2018 funding year is a special case because the CPC only funded projects that were almost complete or did not require a lot of planning. Housing projects by nature typically need to go through a higher level of evaluation compared to open space and recreation and historic preservation projects, thus the reason why the CPA funded fewer affordable housing projects in 2018.

FY	Requested	Funded	\$ Variance
2018	\$8.3	\$8.0	-\$0.3
2019	\$45.3	\$34.7	-\$10.7
2020	\$31.5	\$23.2	-\$8.3
2021	\$35.2	\$25.4	-\$9.8
2022	\$27.1	\$27.1	\$0.0
Total	\$147.3	\$118.3	-\$29.0

Every neighborhood in Boston had at least one CPA funding application submitted in each category and received funding since the program’s creation. Roxbury and Dorchester had the most applications in the last five years, submitting a total of 54 and 75 applications, respectively. Mission Hill and Bay Village are among the few neighborhoods with five or fewer submitted applications. A handful of citywide programs received substantial CPA funding, amounting to \$29.2M in the last five years, with \$26.8M allocated to affordable housing. Dorchester and Roxbury are the top two neighborhoods with the most number of awarded projects, 44 and 36 respectively, in the last five years. Additionally, these two neighborhoods are the only ones that received over \$10.0M in funding (Dorchester with \$15.6M and Roxbury with \$19.6M).



Affordable Housing - Creating affordable housing is complex, so CPA funds for this category are used in conjunction with other revenue sources. Out of the 37 affordable housing projects CPA funded since 2018, CPA’s \$36.9M investment in 31 projects helped create new affordable housing units. Funding for Boston’s ONE+ Program (ONE+) and the Acquisition Opportunity Program (AOP) equals \$26.8M. ONE+ has received \$12.8M and AOP was supported by \$14.0M. As of April 2022, CPA revenues helped fund 1,145 units of affordable housing, including 610 rentals units, 378 acquisition units, and 157 homeownership units. Additionally, 169 loans have been closed through the ONE+ program.

Roxbury received the most funding in this category (\$11.6M), followed by Jamaica Plain (\$6.0M) and Dorchester (\$4.1M). Nine neighborhoods, including Charlestown, Back Bay, and Roslindale, have not received awards for affordable housing programs due to lack of applications.

Historic Preservation - The public benefits from historic preservation projects fall primarily under social services (47 projects, 43.1% of total) or educational (26 projects, 23.9%). However, the CPA grants themselves go towards supporting the physical structure of the buildings. Some of the 2022 projects include digitizing the City of Boston 1920 women's voter registrations ledger books for public records, relocating the USS Constitution Museum’s mechanical system above flood-level to protect the site and its collections, and repairing the roof on the historic 1873 Twelfth Baptist Church.

Roxbury, Dorchester, and Back Bay received the most funding in the historic preservation category from 2018 to 2022 (\$6.0M, \$3.8M, and \$2.7M, respectively). All Boston neighborhoods have received some funding from the CPA for historic preservation in the last five years, except for Roslindale and Bay Village—neither of which submitted a request for funding.

Open Space & Recreation - Tree planting, playgrounds, community gardens, and preservation of land are the four major categories of open space and recreation projects and make up the majority of this category’s projects. Some of the 2022 projects include planting fifty trees along the Charles River Esplanade, redesigning the Warren-Prescott K-8 playground in Charlestown, and installing irrigation and solar security lighting in

Barnard Place Park in South Boston. Additionally, \$1.3M was set aside for Boston’s new Open Space Acquisition Program, which allows the City to negotiate the purchase of land for future open space in a timely manner.

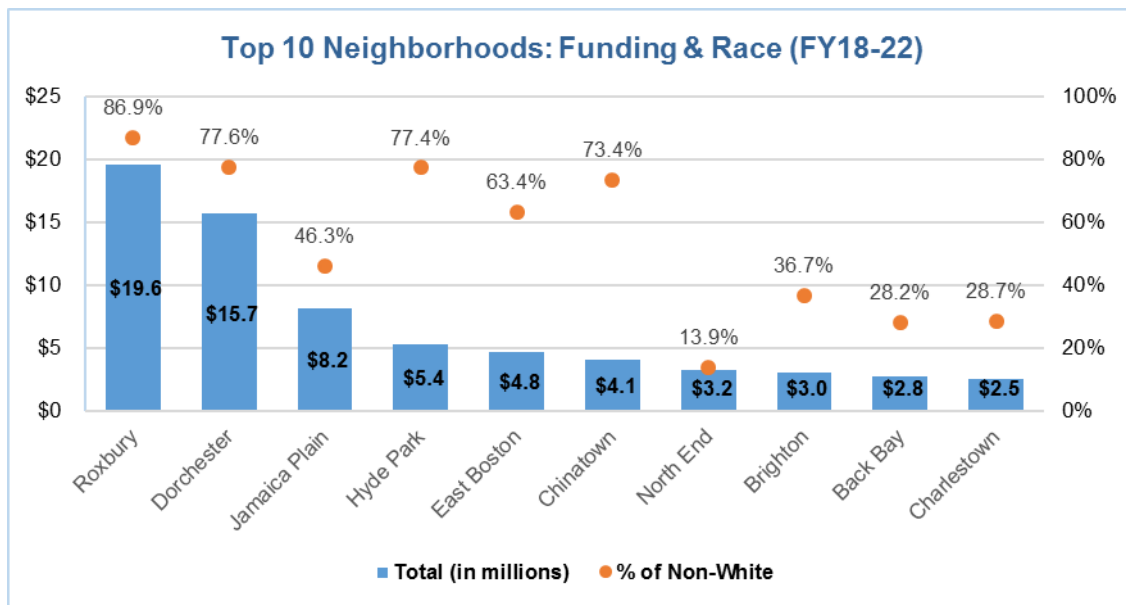
The top three neighborhoods that received the most funding in the open space and recreation category from 2018 to 2022 are Dorchester (\$7.7M), Hyde Park (\$2.9M), and Roxbury (\$2.1M). Downtown is the only neighborhood that did not submit an application for this category.

Applications & Funding in FY22 - Overall, the CPC received 105 eligibility forms in FY22, totaling more than \$42.0M in funding requests. From those forms, 51 projects received a combined total of \$27.1M: \$14.7M towards 10 affordable housing projects, \$6.1M towards 25 historic preservation projects, and \$6.3M towards 16 open space and recreation projects. While the CPC typically allocates all of its funding towards projects, this year’s round of funding had a reserve of \$1.3M because the CPC did not fund all of the project proposals received. Of FY22’s total CPA revenue, \$1.0M, or 3.7%, was used for administrative costs.

Equity and CPA

In the last five years, funding for CPA projects has been distributed with an equity lens, which means expanding access to CPA funds where they are needed the most, particularly among vulnerable populations. The CPO uses income level, poverty rates, language access needs, and level of Black, Indigenous, People of Color (BIPOC) populations by neighborhood to assess equity. Roxbury, Dorchester, Hyde Park, and East Boston are among the top neighborhoods that have received the most CPA funding since 2018—all of which are areas with high concentrations of BIPOC residents, residents with an identified language access need, and residents living below the poverty line.

Through FY21, the CPO directed almost half of its projects towards communities with low income levels (45.7%, \$33.4M) and with a high concentration of BIPOC residents (48.4%, \$35.1M). However, an ongoing goal for the CPO is to fund more neighborhoods with relatively high poverty levels (15.9%, \$11.7M) and with a language access need (23.9%, \$15.1M).



Considerations and Recommendations

Boston's CPA program has allowed for community-driven and transformational projects in every Boston neighborhood. The CPA program is still in its infancy, so to make the program more effective, the Research Bureau recommends the following changes to the new CPA plan before starting the FY23 funding round.

Maximize Administrative Allocation – In FY23, for the first time, the CPO administrative budget is funded at the maximum five percent to hire more staff, manage increase in applications, and expand community outreach. This should not be a one-time exception, and should continue in order to effectively address the growing demand for the CPA program in Boston.

Other perspectives on Boston's CPA Program – In January 2022, the CPC contracted with consultant JM Goldson to analyze the Community Preservation Program to update the CPA program's strategic plan. JM Goldson released [its plan](#) on the Community Preservation Program in September 2022.

Expand Access and Participation – The CPO needs to keep improving language access for this program to reduce barriers to program participation so that recipients of this fund are more diverse and representative of the City's population. Even though the CPA program touches every neighborhood in Boston, more can always be done to reach a broader range of applicants who might not know that funding is available for a project in their community.

Additionally, engaging more with City Council and hosting CPA public meetings in Councilors' districts will help spread the word about the CPA. The CPO could target outreach in neighborhoods to increase the number of applications. Even though the CPO uses various other methods of community engagement, buy-in from all City Councilors will likely bring more attention to the program.

Create a Dashboard for Recurring Programs – While citywide programs are very important as they provide assistance to low-income and BIPOC residents, their impacts are less tangible for the public to see compared to capital projects. The CPO should consider being more transparent with the results generated from these programs by creating a dashboard that presents the program's impacts in the community (for example, how many loans have closed through the ONE+ program) as well as the CPA funding amounts supporting these programs so the community can see if and how the money is used in a timely fashion.

Prioritize New Community-Based Projects – The CPA program's intent is to provide one-time grants for community-based housing, open space, and historic preservation projects that do not have adequate funding sources and may not qualify for other funding sources. Even though unexpected changes are bound to happen, such as price hikes on supplies, projects that have received multiple CPA grants should be considered low priority. While this is not a concern now as there are plenty of new project applications each year, the CPO and CPC need to be aware of the applicants that have received funding for multiple years for the same projects.

Establish Role of City-Initiated Projects – The CPC should develop a policy that addresses the role of City-initiated projects. The CPC should require that the CPO continue tracking and evaluating City-initiated projects on a regular basis to ensure they are not crowding out community-originated projects. If the CPC wants to continue funding these types of projects, it should monitor how much funding is allocated towards these projects so that CPC members are aware of the proportion allocated to them.