

# COMMUNITY BENEFITS

*“There is a movement growing across the country of local elected and appointed officials who recognize that economic development with community benefits can transform local economies and create shared prosperity”*

—The Partnership for Working Families

## **THE PROBLEM**

Too often, major development projects do not deliver tangible benefits to local residents. Instead of yielding good jobs, new affordable housing, environmental benefits, and community amenities, big residential or commercial developments often lead to corporate profits at the community’s expense—both through the loss of tax dollars and displacement.

## **THE SOLUTION**

The community benefits approach aims to ensure that new developments serve the needs of local residents, not just developers and their commercial tenants. This approach ensures that the development process includes community voices and the project delivers meaningful benefits, such as:

- good paying, safe, full-time, career-track jobs in the construction and operation of the project;
- workforce systems that are accessible to communities and effectively prepare people for, and connect them to, project jobs;
- deeply affordable housing that remains affordable either permanently or over the long term;
- important local infrastructure such as community centers, supermarkets, or schools;
- access to project jobs for local residents and those with barriers to employment such as a criminal record;
- reduction and/or mitigation of negative environmental impacts

**THE ROLE OF ELECTED OFFICIALS** Local elected officials have powerful tools available to ensure that economic development delivers these benefits. For example, they can:

- *Demand strong community benefits in government agreements with developers.* Major development often occurs on city land, or receives public funding or tax breaks that can accrue value to the developer. Local elected officials can demand that in exchange, the developer act in ways that benefit the community.
- *Encourage (but don’t require or oversee) negotiation of private community benefits agreements (CBAs) between developers and community coalitions.* Even if development occurs entirely on private land without public economic assistance, it will likely require land use approvals that need the support of planning boards and city councils. Legislators can encourage negotiation of strong private CBAs by supporting a transparent and robust project approval process that gives impacted communities critical input opportunities in order to be effective advocates for their needs. Legislators can make clear to developers that they will weigh communities’ views seriously in evaluating project approvals. Private community/developer negotiations can address issues that cannot, for legal reasons, be part of the government’s official land use process. The negotiation of CBAs for private projects should happen without the involvement of elected officials; for legal and practical reasons, the process needs to be led by engaged residents and strong advocacy organizations.
- *Enact ordinances and policies establishing baseline community benefits for future projects.* There are important legal limitations to the demands that a city can make of a specific developer in exchange for land use approvals, but legislators generally have the power to adopt rules applicable to a range of development projects, such as living wage, local hiring, or affordable housing requirements.
- *Establish community benefits policy for the disposition of*

*public land*. Local governments often own significant amounts of land suitable for development and can establish policy governing its disposition that requires community benefit and includes community voice. For example, some portion of each parcel could be reserved for affordable housing, or affordable housing developers could be given a first right of refusal.

- *Incorporate community benefits into land use planning and policy.* In addition to creating a robust and inclusive land use process, legislators can create an infrastructure that encourages provision of real community benefit. They can require major developments to provide Community Impact Reports, detailing the impact that the project will have on jobs, housing, the environment, and public coffers, among other things. They can use regulatory incentives (such as density bonuses) and land value capture mechanisms to strengthen their hand in negotiating for community benefits with developers. They can also write benefits measures directly into specific plans, overlay zones, and other land use controls.
- *Convene key stakeholders to establish a consensus community benefits framework for major projects.* Legislators can also build support for a community benefits program by bringing a broad range of community voices together to build consensus around benefits and lay down a political marker for how development should happen.

The above list provides a number of citywide measures that support community benefits. Some policymakers have also explored Detroit’s recently-adopted approach<sup>1</sup> of requiring the negotiation of community benefits agreements on major subsidized projects, with a mix of appointed and elected individuals serving as the community representatives. Without good design, this general approach can replicate rather than shift power dynamics that disadvantage low-income communities and communities of color, leading to the kind of ineffective arrangements<sup>2</sup> that have accompanied some projects, so policymakers should approach it with care.

### **EXAMPLES OF SUCCESSFUL COMMUNITY BENEFITS EFFORTS**

**NATIONWIDE, 2018:** In response to Amazon setting up a subsidy bidding war for its HQ2 project, 130 organizations sent Amazon CEO a “wish list” that laid out all the things that they would like HQ2 to provide if it is located in their communities.<sup>3</sup>

**NASHVILLE, 2018:** In response to community concerns over the rise in worker fatalities and injuries on publicly-subsidized developments, Metro Council adopted the “Do Better” Bill in January. The ordinance calls for more transparency in the approval process of cash grants and property tax freezes, known as PILOTs, for large businesses. It also addresses the current lack

of accountability regarding the number and quality of jobs that the businesses awarded these incentives actually create, and whether all residents have a fair chance at getting one.

**OAKLAND, 2017:** The Revive Oakland Coalition completed a negotiation with the Port of Oakland and its developer of a set of jobs policies for a major warehousing and logistics development on the site of the former Oakland Army Base. The coalition had earlier completed negotiation of a similar set of policies for the city-owned portion of the project. The policies establish strong requirements for local hire, disadvantaged hire, protection against misuse of criminal histories in the hiring process, living wages, limitations on the use of temporary workers, and community oversight and enforcement. The policies were included in the lease and development agreement between the government entities and their developers. The coalition also entered into agreements with the Port and city not to oppose project approvals and the Port and city agreed to enforce the jobs policies.

**MILWAUKEE, 2016:** The Milwaukee Bucks and the Alliance for Good Jobs entered into a community benefits agreement covering end-use employees at the new Bucks arena and in the surrounding development zone. The agreement enshrines “\$15 and a union” standards and establishes the basis for a new form of worker organization through a combination of monitoring/enforcement, organizing rights, workforce obligations, and a hiring hall—all under the control of the Alliance.

### **LANDSCAPE**

Land use and economic development policy is highly local and complicated, and legislators should consult with lawyers and advocates early in the development process.

The leading organization working on community benefits is the **Partnership for Working Families (PWF)** and its Community Benefits Law Center. Its website has extensive resources on community benefits,<sup>4</sup> including a guide for elected and appointed officials, “Delivering Community Benefits through Economic Development.”<sup>5</sup> **Good Jobs First**, which advocates for making economic development subsidies more effective and accountable, has extensively tracked the provision of public subsidies and created a valuable set of materials to introduce readers to the development process.<sup>6</sup> **The Center for Popular Democracy**, with long experience using community organizing to win local legislation, can help you build a strong coalition in favor of development that works for your entire city.

*Co-authored by the Partnership for Working Families*

