



Community Benefit Agreements: Frequently Asked Questions (FAQs)

Energy development and infrastructure projects can provide significant opportunities for local communities, often creating new jobs and leading to economic growth. Local governments and communities are increasingly looking for tools to augment the benefits and promote their sustainability.



The following are *frequently asked questions* that community leaders, developers, industry participants, policymakers, and local and state governments may have about Community Benefit Agreements (CBAs). The answers are intended to serve as an aid to local governments and communities, where large-scale energy projects are being proposed.

What is a Community Benefit Agreement?

A CBA is an agreement signed by community benefit groups and a developer, identifying a range of community benefits the developer agrees to provide as part of the development, *in return for the community's support of the project.*

What is a Community Benefit Group (CBG)?

A Community Benefit Group is a coalition of neighborhood associations, faith-based organizations, unions, environmental groups and others representing the interests of a community that will be impacted by development(s).

How are CBAs utilized?

CBAs are utilized for energy-related projects to establish community development funds, promote training and/or hiring of local residents, establish percentage goals to use local suppliers, encourage the construction of new facilities, stimulate the use of green building techniques and establish job training and/or replacement centers.

What are some of the benefits for communities?

- ✓ Mechanism to obtain community input into project;
- ✓ Partnerships between developers and community schools; and
- ✓ Commitments that may provide sustainable benefits for community.

What is the economic impact of local-hiring commitments?

Without local-hiring commitments, communities can fail to gain from the economic benefits associated with additional and/or greater salaries in their neighborhoods. In fact, **both developers and community members** benefit when *synergistic development models* are employed. With CBA safeguards, developers experience *reduced risk*, while communities profit from *improved cost/benefit positions*.



Why are CBAs great for developers?

- ✓ CBAs are instrumental in disseminating information, thereby rallying support from community members;
- ✓ Increased community support subsequently **reduces project risk** for developers, as city government incentives to cooperate increase; and
- ✓ Public subsidies, as well as state and/or local government approvals, may be acquired more readily by developers.

Are CBAs new taxes or tax breaks?

CBAs are neither *new taxes* nor *tax breaks*. Tax breaks are usually negotiated in public-private partnerships (PPPs), not CBAs. CBAs are **private agreements** between one or more developers and a community coalition. Although they can be linked to PPPs, they are usually **independent** vehicles.

How can community representatives mobilize for CBA negotiations?

- ✓ Research development proposals in their region to identify any that have the potential **to offer benefits** to the residents they will be operating near;
- ✓ Organize a broad-based coalition of community interests and recruit stakeholder organizations;
- ✓ Hold public meetings and maximize turnout with help from local leaders; and
- ✓ Engage the developer with sustainable community objectives, via open dialogue as well as transparency.

How can the developer get involved?

- ✓ Identify stakeholders and build public trust;
- ✓ Select a diverse group of stakeholders, each with a vested interest in and commitment to the CBA process: *establishment, implementation, evaluation and enforcement*;
- ✓ Engage community representatives and coalitions to communicate project benefits – via open dialogue and transparency;
- ✓ Ensure stakeholder representatives are integral parts of the project development team *early in the process*; and
- ✓ Educate stakeholders about the *technical aspects* of the development project and maintain an *open and productive line of communication*.

How can city and state governments get involved?

- ✓ Inform community coalitions and the community at large of proposed developments and progress;
- ✓ Encourage developers to enter good-faith negotiations with responsible community coalitions;
- ✓ Respect the negotiating process, honor community coalition agreements, and be responsible stewards in the overall process of CBA creation and administration; and
- ✓ Fold CBAs into public-private partnerships, where appropriate and beneficial to community and project interests.



What is the history of CBAs?

According to the Partnership for Working Families, the first CBAs were developed to help communities benefit from development projects. CBAs equipped residents with a stronger voice in the *planning process*. They promote inclusiveness by providing a legal mechanism to ensure community concerns are heard and addressed.

The Partnership for Working Families estimated that 104,000 *construction jobs* and 113,000 *permanent jobs* were associated with Community Benefit Agreements between 2000 and 2006. As it also noted, from Seattle to Miami, more than 50 large-scale projects had enforceable CBAs linked to them during the same period.ⁱ

For more information, visit: <http://energy.gov/diversity/office-economic-impact-and-diversity>.ⁱⁱ

ⁱ <http://unionunitedsomerville.com/wp-content/uploads/2014/07/Community-Benefits-Agreements-Frequently-Asked-Questions.pdf>

ⁱⁱ All images in this document are from Pixabay.com.