



## Community benefits: FAQs

### What are community benefits?

- Community benefits are additional physical, social and economic benefits for the local community that are leveraged by dollars already being spent, often on major infrastructure and land development projects.<sup>1</sup>
- Benefits commonly include jobs, training and apprenticeships for targeted groups and opportunities for local businesses and social enterprises, but additional benefits can range from affordable housing to energy reduction projects and public realm improvements.
- Typically, community benefits are achieved either through private agreement or through tenders for public projects.
- **Community Benefits Agreements (CBAs)** are legally binding, enforceable contracts that set forth specific benefits for an infrastructure or development project. Common in the U.S., CBAs are usually negotiated between a developer or infrastructure builder and a community group or coalition. Benefits are defined through an inclusive community engagement process.
- **Social procurement or “community benefits clauses”** refers to provisions found in a tender for a publically funded project which require the contractor to deliver certain additional benefits for a project. This approach is common in the UK and was followed by Metrolinx in its recent procurement for the Eglinton Crosstown LRT project.

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<sup>1</sup> S. 3 of the Ontario *Infrastructure for Jobs and Prosperity Act* defines them slightly differently, as: “supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training opportunities (including for apprentices, within the meaning of section 9), improvement of public space within the community, and any specific benefits identified by the community.”

### **Have they been used in Canada before?**

- Yes. In Vancouver, Millenium Developments signed a CBA with the City of Vancouver and BOB, a nonprofit representing the community, to ensure jobs, training, and procurement directed to inner-city businesses for the construction of the Vancouver Olympic Village.
- In Toronto, the Regent Park redevelopment used community benefits clauses to ensure jobs and training opportunities, as well as public amenities.
- Currently in Toronto, Metrolinx is incorporating community benefits as it builds the Crosstown and Finch LRT projects.

### **Why bother?**

- Community benefits maximize dollars already being spent with very little additional investment, and help foster a more equitable approach to economic development.
- By targeting jobs and training opportunities for those who have difficulty accessing the labour market (e.g., veterans, youth, indigenous peoples), community benefits help to reduce poverty and increase social inclusion.
- By ensuring there are opportunities for local suppliers, in particular small, medium-sized and social enterprises (SMEs/SEs), community benefits build the local economy and encourage economic growth.
- For governments, community benefits help meet a range of other policy objectives, from poverty reduction to social inclusion and carbon reduction.
- For private developers, negotiating a CBA with local community groups can ensure any concerns with the project are addressed up front, preventing delay and litigation down the road; build political buy-in and allies; and help reinforce their brand as good corporate citizens.

### **Is there evidence that community benefits achieve their aims?**

- The Welsh Government measured the benefit to the Welsh economy of 35 projects (worth £465m) that used community benefits. Fully 85% of the contract value was re-invested in Wales, and significant added value was demonstrated: typically around £1.80 worth of benefit for each £1 spent.
- In Los Angeles, PVJOBS, which acts as a jobs coordinator to recruit and place disadvantaged workers for CBAs, has placed 8000 disadvantaged workers in jobs on different projects since 1998.
- A CBA for the Vancouver Olympic Village placed 120 disadvantaged workers in construction jobs and led to \$42M in procurement from inner-city businesses, surpassing targets.

- A study of 24 contracts using community benefits in Scotland between 2009-2014 found that just over 1000 individuals from priority groups were recruited as a result of the contracts and targets around jobs, apprenticeships, work placements and training for priority groups were exceeded.
- The Government of Canada's *Procurement Strategy for Aboriginal Business* has mandatory set-asides to encourage aboriginal firms to participate in the federal procurement process. Since 1996, the program has awarded more than 100,000 contracts to aboriginal firms, totaling \$3.3 billion in value.

### **What's the current state of play in Canada?**

- Several Canadian jurisdictions, including five provinces (NS, QC, ON, MB, BC) have already changed policies, practices and/or legislation to incorporate greater social and economic goals into their procurement practices.
- Ontario passed the *Infrastructure and Jobs for Prosperity Act* in 2015, which calls for community benefits and mandates apprenticeship and training opportunities for targeted communities on public infrastructure projects. In 2017, the Ontario Long Term Infrastructure Plan contained a commitment to create a community benefits framework, beginning with pilot projects.
- The City of Vancouver recently passed a CBA Policy, including workforce and procurement outcomes, that applies to developers of large scale sites.
- The City of Toronto and the City of Victoria (BC) have both enacted social procurement policies to strengthen the small business sector, enhance supplier diversity and create workforce opportunities.
- At the federal level, a private members' bill (Bill C-344), *An Act to amend the Department of Public Works and Government Services Act (community benefit)*, has passed in the House of Commons and, as of fall 2018, was in the Senate.

### **How much does it cost?**

- Within government, costs are low, but changes will be needed within procurement departments, and workforce pathways will be needed to match opportunities with candidates from traditionally disadvantaged groups.
- Contractors who are undertaking public projects may have minor transaction and administration costs as a result of unbundling subcontracts to ensure local suppliers can bid and ensuring that commitments are monitored, tracked and reported on. Workforce reporting obligations can be addressed through payroll reports.
- For private parties, the cost depends on the benefits negotiated. A study of 8 CBAs (mainly in the U.S.) showed contributions ranged from .5% to 2.5% of total project costs.

## Sources:

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