

TOWN OF WEST SPRINGFIELD

REPORT OF THE 2008 COMMUNITY PRESERVATION ACT STUDY COMMITTEE (CPASC)

June 30, 2008

THE 2008 COMMUNITY PRESERVATION ACT STUDY COMMITTEE

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AN OVERVIEW OF THE COMMUNITY PRESERVATION ACT

THE COMMUNITY PRESERVATION ACT DEFINED

The Community Preservation Act (CPA) is enabling legislation designed to help communities plan ahead for sustainable growth while preserving the character of the community and raise funds to achieve their goals. The CPA allows towns and cities that accept its provisions to levy a community-wide real estate property tax surcharge from 1% to 3 % for the purpose of creating a local Community Preservation Fund and qualifying for state matching funds. The annual CPA funding percentage is applied to each individual real estate property tax bill and is levied as a surcharge.

The Community Preservation Act provides new funding sources that can be used to address three core community concerns:

- OPEN SPACE: Acquisition, creation and preservation of open space and land for recreational use.
- COMMUNITY HOUSING: Acquisition, creation, preservation and support of affordable housing.
- HISTORICAL RESOURCES: Acquisition, preservation, rehabilitation and restoration of historic buildings and resources.

A minimum of 10% of the annual revenues of the fund must be used for each of the three core community concerns. The remaining 70% can be allocated in any combination for the allowed uses. Some towns that have adopted CPA have been creative in their approach and have successfully blended two or more of the three objectives into projects funded via CPA and the state matching funds. Thus, each community has the opportunity to determine its priorities, plan for its future projects, and have the funds needed to implement those projects.

Through the Massachusetts Community Preservation Trust Fund (CPTF), the state will provide matching grants to communities that have adopted CPA.

- The CPTF receives funds primarily through surcharges on fees charged for recording various documents with the Registry of Deeds or Land Court. To date, the match has been at 100%; but it is expected to drop to approximately 65% for 2008 and possibly less (but never less than 5%) in the years to come due to a slowdown in the real estate market.

This legislation, as written, gives control to Massachusetts' communities because local people must vote by ballot to adopt the CPA.

- All decisions are made at the local level.

- Local communities must have a committee of local people to establish plans for uses of the CPA funds. This committee can be appointed or some members appointed and some elected.
- Plans and projects are subject to local approval by Town Council
- If residents feel the CPA is not working as they expected after the first year, they can modify the surcharge rate (never more than 3%) or the structure (exemptions) on a year-by-year basis. It can be repealed in the same manner that it was adopted after 5 years.

ADOPTING CPA

A municipality may adopt the CPA through the following process:

- petition the legislative body (Town Council), who by simple majority vote; or
- a citizen initiative, requiring signatures by 5% of the electorate, may place the question on the ballot. In either case, the CPA must subsequently be approved by a majority of voters at the next regularly scheduled election..

POSSIBLE EXEMPTIONS FROM CPA

Any portion of a taxpayer's property taxes that are exempt under Chapter 59 of Massachusetts General Laws are also exempt from the new CPA surcharge. In addition, the municipal legislative body, as part of the vote to accept the provisions of CPA, may allow several additional exemptions from the CPA surcharge for:

- **Residential**: The first \$100,000 of taxable value of residential real estate
- **Low Income/Low or Moderate Income Senior**: Persons who own and occupy property classified as a domicile and who qualify for low income housing or low or moderate income senior housing in West Springfield (or in the community).
- **Commercial/Industrial**: Commercial and industrial properties in cities or towns with classified tax rates only in years with split tax rates.

ACCOUNTING FOR AND DISBURSING FUNDS FROM CPA

If a municipality approves the CPA, it must also establish a Community Preservation Fund and a Community Preservation Committee that will make annual recommendations to the legislative body (Town Council) on qualified expenditures of the revenues collected. The legislative body (Town Council) may appropriate from the annual estimated revenues of the Community Preservation Fund for qualified purposes and in amounts not greater than those recommended by the Community Preservation Committee. The legislative body may reject or reduce the amounts recommended by the Community Preservation Committee.

The Community Preservation Committee is established by a separate municipal ordinance or bylaw that must be passed by a majority vote of the local legislative body. The bylaw or ordinance establishing the committee can be adopted at the same time that the legislative body accepts the CPA, provided that the vote adopting the bylaw or ordinance should include

language making its adoption contingent upon voter approval of the CPA referendum at the next election. The bylaw or ordinance can also be adopted after the election. Under the terms of CPA, the Community Preservation Committee shall consist of 5-9 members, and must include one representative each from the local conservation, recreation, and historical commissions; planning board; and housing authority. Other members of the committee, if any, may be appointed or elected, as provided in the bylaw or ordinance adopted to establish the Community Preservation Committee.

As previously stated, a minimum of 10% of the annual revenues of the fund must be used for each of the three core community preservation purposes. The municipal legislative body (Town Council) will be guided by the recommendations of the Community Preservation Committee for the allocation of the remaining 70 percent of the annual CPA revenues each year. For example, the remaining 70 percent of the annual revenue may be allocated for one purpose; distributed evenly among all three, distributed in any combination, or reserved for future spending. Each year, the municipality can modify the spending mix for 70 percent of the fund. The following conditions also apply:

- Any real property interest purchased with the Fund must be subject to a permanent deed restriction limiting the use of the property to the CPA purpose for which it was acquired. The municipality (or the state or a nonprofit organization designated by the municipality) must enforce the deed restriction.
- The municipality can delegate the property's management to a local board or nonprofit organization.
- The municipality can only use the CPA Fund to pay for land takings through eminent domain if they are recommended by the Community Preservation Committee and approved by a 2/3-majority vote of the local legislative body.

REASONS FOR ADOPTING CPA:

CPA will help the town achieve its long-term goals and help maintain the character of the town. Key town priorities, such as those defined in the comprehensive master plan could be accomplished through the CPA tax surcharge while taking advantage of state matching funds. Preserving the rural character of West Springfield has always been a priority in town planning in the past. The notion of community preservation is nothing new, and the CPA is a reliable source of funding to accomplish these long-time goals.

- A 1% surcharge does not place an unreasonable burden on residential property owners.
- The CPA Fund will receive an annual match.
- CPA funds can be invested while CPA Committee funding decisions are made.
- CPA funds may only be used for CPA approved projects.
- Final control for appropriation of funds for CPA projects rests with the Town Council.
- The surcharge is tax deductible.

COMMITTEE RECOMMENDATIONS

The committee recommends by a vote of 8 in favor, 1 opposed;

That the Town Council include in the warrant for the 2008 Election an article to have the Town of West Springfield adopt the Massachusetts Community Preservation Act according to M. G. L. Ch. 44B as amended.

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The Committee further recommends by a vote of 8 in favor, 0 opposed and 1 abstention:

1. **A CPA surcharge rate of one percent (1%).**
2. **No exemption of the first \$100,000.00 of assessed residential property value.**
3. **Low-income residents and low to median income senior citizens be exempt if qualified.**
4. **Commercial and Industrial property be exempt from the CPA surcharge.**

The committee requests the Town Council present the CPA to the Town for its approval on the ballot in November, 2008 for a fiscal 2009 start date.

THE COST TO THE AVERAGE WEST SPRINGFIELD RESIDENTIAL PROPERTY OWNER

The total 2008 residential real estate valuation for West Springfield is \$ 1,939,899,450.

The following table shows the approximate annual financial benefit and cost to the town property owners by enacting the CPA:

CPA FUNDING	REAL ESTATE VALUATIONS	REAL ESTATE TAX	1% CPA FUNDING
Residential	\$1,939,899,450.	\$27,701,764.	\$277,017.
CPA Funds @	65% State Match (Estimated)		\$180,061.
TOTAL CPA FUNDS AVAILABLE			\$457,078.
COST PER RESIDENCE			
Avg. Residence	\$ 238,591.	\$ 3,407.	\$ 34.

- Exemptions would decrease the CPA funds depending on the number and type of qualifying exemptions.
- As an example of the individual impact, the 2008 average residential real estate assessment is \$238,591 which equates to a tax bill of \$3,407. The one percent (1%) annual surcharge is \$ 34.00 (\$8.50 per quarter).

EXAMPLE:

For the average residential assessed value (FY 2008) in West Springfield of \$238,591.00 the cost will be approximately \$34.00 per year (\$8.50 per quarter).

The table below shows how the cost to the average household in West Springfield would be calculated using FY 2008 values, a one percent (1%) surcharge* and the exemption for property owned and occupied by a person who would qualify for low income housing, or moderate income senior housing.

Average Assessed Home Value	\$ 238,591.
Times Municipal Tax Rate (per thousand dollars) x	<u>0.1428</u>
Equals Amount Subject to Surcharge	= \$ 3,407.
Times CPA Surcharge Rate*	x <u>1%</u>
Amount paid into CPA Fund	\$ 34.

* As recommended by the CPASC

THE STATE MATCH

Communities that have adopted the CPA have received a 100% match each October since the program began in 2002. This high level of funding was possible because the state’s CPA Trust Fund is a dedicated revenue source that is outside of the normal legislative appropriations process and may not be redirected to other purposes besides CPA. Over time the match percentage will decrease as more communities adopt the CPA and have to share the fixed amount of state funding. The following shows the distributions since 2002:

<u>Year</u>	<u>Amount</u>	<u>CPA Communities</u>	<u>West Springfield’s Share</u>
2002	\$17,800,000.	34	\$ 0
2003	\$27,100,000.	54	\$ 0
2004	\$30,800,000.	61	\$ 0
2005	\$46,300,000.	82	\$ 0
2006	\$58,600,000.	102	\$ 0
2007	\$68,100,000	113	\$ 0
2008	?	?	\$ 0

REASONS FOR COMMERCIAL AND INDUSTRIAL PROPERTIES TO BE EXEMPTED:

In considering the exclusion of Commercial and Industrial (C&I) properties from the CPA the Committee felt that:

- the C&I property owners have had a high tax rate (third highest in the state) for several years and are not expected to have any relief from this rate in the foreseeable future.
- in addition to the number of vacant C&I buildings in Town and the number of jobs lost because of the vacant buildings there is a very detrimental effect on the C&I property owners and therefore the economy of our community.

- the short and long term benefit of the CPA would be to the residents of the Town as their quality of life would be enhanced by the use of the CPA funds to improve our community.

SUGGESTED PROJECTS:

In an effort to further understand the CPA and its possible applications for the Town, the CPASC was organized into three separate research teams to explore the possible uses of CPA funding. Their reports follow.

TEAM # 1:

OPEN SPACE: Acquisition, creation and preservation of open space and land for recreational use.

Over the past 3 months we have met and questioned several town employees who are quite knowledgeable and have been very informative regarding the needs for land protection and public recreation in our town of West Springfield. We have received valuable information from Karen Leigh, Conservation Officer, Richard Werbiskis, Planning Director and Dominic Longo, Park and Recreation Director.

Listed below are a few ideas by the above mentioned individuals for use of CPA funds:

- Funding of potential acquisitions of Chapter 61 properties to take advantage of first the right of refusal.
- Fund phase II and III of the development of Mittineague Park
- Rehabilitation of Bear Hole watershed (elimination of ATV trails and replanting of disturbed areas) along with developing areas for active and passive recreation.
- Acquisition of land along Connecticut and Agawam Rivers for public access and passive recreation use.
- Create walking and biking trails in town for individual and family use
- Enhance existing playing fields by installing irrigation, lights, etc.
- Construct pocket parks in neighborhoods that contain town owned property
- Develop a multi--use outdoor sports complex that would be used by several different sports.
- Make improvements to the Metacomet-Monadnock Trail. (this would only be allowable if SB 137 (HB 4820) passes).
- Acquisition of land for playing fields.

The above list of projects is just a brief overview of the potential that our city of West Springfield has to offer its residents with the proper funding.

Respectfully submitted by; Gary Gorman, MaryRuth Kane and David Scott

TEAM # 2:

COMMUNITY HOUSING: Acquisition, creation, preservation and support of affordable housing Community Housing Opportunities

The following methods and techniques for increasing affordable community housing are within the guidelines set forth in the Community Preservation Act, which allows for, “acquisition, creation, preservation and support of community housing; and for the rehabilitation and restoration of community housing that is acquired or created” under the CPA. Some of the methods may have more immediate use than others or may be more applicable to West Springfield’s current housing and land use environment. All have been used or at least considered for use by other communities and may be of value to West Springfield as we move forward in our consideration of how to best leverage potential CPA funds to improve our stock of affordable community housing.

While the numbers of new affordable units are not expected to be large, it is very important to develop the mindset that we will build or rehabilitate small numbers of high quality, lower cost housing units focused on homeownership whenever and by whatever means available. Having available CPA community housing funds will allow us to take quick advantage of opportunities as they may arise in the future.

Ways West Springfield Could Use Community Housing CPA Funds:

- Purchase and rehabilitate existing housing to be leased or sold to qualifying occupants. Units will require deed restrictions to preserve the investment of CPA funds. Alternately, purchase land to build new housing.
- Pursue solutions for several houses spread across Town that have fallen into disrepair and are abandoned. Several of the buildings could be acquired and repaired through the use of CPA funds. They could then be sold to qualified families, and affordable homes would be placed back on the property tax rolls. A very attractive scenario all around!
- Convert existing nonresidential properties, such as schools, mills, churches, office buildings, warehouses, etc., to housing.
- Move an existing house (perhaps a house with historical significance) slated for teardown to another site, make necessary improvements, and sell or lease to a qualifying occupant.
- Provide financial support to first-time homebuyers to help cover the down payment and closing costs. This assistance requires deed restrictions to preserve affordability.
- Incorporate affordable housing into the improvement of existing historic structures.
- Preserve open space in tandem with the creation of affordable housing clustered on a part of the parcel. CPA open space funds can be used in combination with CPA housing funds. Housing funds may be used on the parcel set-aside for housing construction.
- Combine the improvement of an historic structure while creating new affordable housing within the historic structure, in another existing structure or through new construction, as well as preserving open space on the same or adjacent parcels.

Respectfully submitted by: Joe LaPlante, April Cantell, Paul Boudo

TEAM # 3:

HISTORIC RESOURCES: Acquisition, preservation, rehabilitation, and restoration of historic buildings and resources.

Proposed CPA Projects Involving Historic Preservation.

After consulting with West Springfield's Historical Commission Chair, Richard Kosinski, and the Town Historian, Mr. Bernie Lally, the following historical projects are in need of attention as soon as possible:

- **Building needed to house West Springfield's irreplaceable historical treasures.**
Of all the projects listed, this is one of the most needed. Currently, the town has numerous historical items in boxes within the basement of the Municipal Office Building as well as other areas "scattered" throughout the town. Ultimately, these precious items need a stable, protective, permanent home. Once these historical items are destroyed due to neglect, so will important parts of our town's history. Other Massachusetts towns that have utilized CPA funding in order to purchase available buildings for a museum are Chatham, Dartmouth, Grafton, Nantucket, and Newton.
- **The "Old Town Bell"** needs to be mounted on a pedestal with a protective roof. This historic bell is currently being housed inside the West Springfield Senior center. Other Massachusetts towns currently using CPA funding to preserve similar historic displays are Acton, Aquinnah, Bedford, Grafton, Hopkinton, North Andover, Rockport, Wellesley, Weston, and Westport.
- **The Union Street Cemetery's** colonial period headstones and fence are in need of repair and signage is needed. This would be considered an ongoing project spanning an extended period of time. Other Massachusetts towns currently utilizing CPA funds to repair similarly situated graveyards are Georgetown, Hingham, Hopkinton, Nantucket, North Andover, Sudbury, Wareham, Wayland, Westport and Wilbraham.
- **Signs for historic districts.** To date, there are no signs indicating the various historical districts (as evaluated by the Historic District Committee). Other Massachusetts towns using CPA funding to purchase historic signs are, Acton, Lincoln, Rowley, Southampton, Stockbridge, Sturbridge, Wareham, Weston, and Westport.
- **Acquire and preserve historical properties for our posterity.**

Please note, the listing of towns utilizing CPA funds is not exhaustive, but rather gathered from the CPA website dated February 13, 2008.

Respectfully submitted by: Caroline Murray, John Somers, Aldo Bertera

THE CPA and OUR NEIGHBORING COMMUNITIES

The CPASC wanted to know what the experience has been in some of our neighboring communities who have adopted the CPA. To that end the committee invited members of the CPA Committees from Agawam, Easthampton, East Longmeadow, Longmeadow, South Hadley and Wilbraham to meet with us and discuss what they have done with CPA funds and what they are planning for the future. One community, South Hadley, turned down the CPA by a narrow margin and their CPA Study Committee is well on their way to putting the questions before their voters again. The Committee obtained many ideas and examples of the successes in these communities and was encouraged to impress on our constituents the importance of the CPA and the positive impact it will have on our town's future.

APPENDIX

Additional information about the Community Preservation Act can be obtained from:

Community Preservation Coalition
33 Union Street, 4th Floor
Boston, MA 02108
617-367-8998 (B)
617-367-8788 (Fax)
www.communitypreservation.com