

CPA STUDY COMMITTEE REPORT

TO: Acton Board of Selectmen

FROM: CPA Study Committee

DATE: February 17, 2016

COMMITTEE PROCEEDINGS

In June, 2015 the Board of Selectmen created the Community Preservation Act (“CPA”) Study Committee and charged the Committee as follows:

There shall be a Standing Committee to study and report on how the Community Preservation Act has functioned, including its financing structure, and what has been accomplished since its adoption. The Committee shall report its findings, along with any recommendations for changes in the manner in which the CPA is implemented, to the Board of Selectmen by January 31, 2016.

The CPA Study Committee shall consist of ten members, 1 Selectman, 1 Member of the Recreation Commission, 1 Member of the Historical Commission, 1 Member of the Acton Community Housing Corporation, 1 Member of the Acton Housing Authority, 1 Member of the Conservation Commission, 1 Member of the Finance Committee, 1 Member of the Planning Board, as appointed by their respective committees, and 2 Citizens at Large, appointed by the Board of Selectmen

The Committee Members

- Peter J. Berry, Chair – Board of Selectmen
- Roland Bourdon – Finance Committee
- Walter Foster – Citizen at Large
- Paula Goodwin – Conservation Committee
- Kenneth Sghia-Hughes – Acton Housing Authority
- Carolyn Kilpatrick – Citizen at Large
- William Klauer – Historical Commission
- Corrina Roman-Kreuze – Acton Community Housing Corporation
- Bridget McKeevar Matz – Recreation Committee

The Process

The CPA Study Committee (“the Committee”) met seven times between October 28, 2015 and February 1, 2016. During this time the Committee met with the following stakeholders to hear firsthand how the CPA has impacted their mission thus far and to hear recommendations on how any proposed changes to the CPA in Acton would impact their respective areas.

The following individuals met with the Committee:

- ACHC - Nancy Tavernier
- Open Space Committee – Peter Ashton and Susan Mitchell-Hardt
- Historical Commission – Victoria Beyer
- Natural Resources Department – Tom Tidman
- Recreation Department – Cathy Fochman
- Town Assessor and Assistant Finance Director – Brian McMullen

The Committee also met with Stuart Saginor, Executive Director of the Community Preservation Coalition, <http://www.communitypreservation.org>, who provided information about the CPA statewide and his thoughts about possible changes to the CPA Statute in Acton.

The Committee considered possible changes to the CPA as outlined in the discussion in the minutes of the Acton Community Preservation Committee (“CPC”) on June 11, 2015:

- A “blended CPA” (requiring a Town Meeting vote and a Town ballot, as happened recently in Littleton) is possible. This would allow for other revenues (e.g., housing gift funds, mitigation funds) to be deposited in the CPA account, which then would increase the state match. It was pointed out that a blended CPA would cause accounting challenges for the Town.
- Increasing the set-aside amounts is possible (e.g., instead of the minima 10%, 10%, and 10% for Open Space, Housing, and Historical, it could be 30%, 40%, and 10%).
- The SC would report to the Board of Selectmen (BoS) on the “look back.” It was noted that the BoS could read the CPC’s Annual Reports for this information.
- To justify a CPA tax increase, the SC should develop a “compelling” list of what could be accomplished with the increase—in effect, a plan separate from the Annual Plan. Perhaps this could be achieved by soliciting long-range plans from groups that would use CPA funds.

- For the past year, if the CPA tax would have been 3% instead of 1.5%, Acton’s CPA \$ would have been more than \$1600K instead of \$840K. The state match would have been \$527K instead of \$264K, and there would have been additional state \$ from the 2d and 3d rounds of state funding. The total CPA funding would have increased to about \$2.4M from \$1.1M.

THE HISTORY OF CPA IN ACTON

Acton adopted the CPA, M.G.L. c. 44B, at the 2002 Annual Town Meeting and at the November 2002 general election. Acton elected to fund the CPA through a 1.5 % surcharge on all real estate property tax bills with two exemptions:

- Residential property owned and occupied by a person who qualifies for low-income housing, or low-or moderate-income senior housing.
- \$100,000 of taxable value of all residential real property.

The CPA allows spending in four target areas: (1) open space; (2) historic resources; (3) community housing; and (4) land for recreational use. Also, the CPA allows for the reimbursement of administrative expenses up to 5% of the annual collections.

Since Acton’s adoption of the CPA in 2002, the Town has collected CPA funds through twelve complete fiscal years and appropriated CPA dollars in twelve funding rounds:

CPA Funding Rounds			
Collections (1)		Appropriations	
Fiscal Year	Amount	Town Meeting Year	Amount
2003	\$944,456	2004	\$873,843
2004	\$1,078,485	2005	\$1,083,867
2005	\$1,141,668	2006	\$1,150,553
2006	\$1,308,336	2007	\$1,331,380
2007	\$1,372,423	2008	\$1,466,605
		October 2008	\$730,000 (2)
2008	\$1,181,612	2009	\$955,155
2009	\$969,260	2010	\$1,973,662 (3)
2010	\$949,752	2011	\$1,295,696 (4)
2011	\$958,847	2012	\$1,194,470
2012	\$992,585	2013	\$953,388
		June 2013	\$1,110,000 (5)
2013	\$1,232,639	2014	\$2,019,237(6)
2014	\$1,103,270	2015	\$1,153,505

- (1) Includes CPA collection from local surcharge at the fiscal year end and State Trust Fund “match” received in the following October. Does not include interest, prior year balances carried forward, and recaptured funds from closed out prior year projects.
- (2) From CPA Open Space Set-Aside Fund.
- (3) Includes a \$1,000,000 appropriation from the CPA Open Space Set-Aside Fund, which was reduced to \$830,000 at the October 2010 Special Town Meeting.
- (4) \$84,000 from CPA Historic Set-Aside Fund.
- (5) \$1,060,000 of total from CPA Open Space Set-Aside Fund.
- (6) \$63,413 from CPA Historic Set-Aside Fund & \$330,000 from CPA Open Space Set-Aside Fund.

Appropriations¹ to date from the Community Preservation Fund (excluding appropriations from the set-aside funds) to projects in the four CPA target areas are approximately as follows (amounts in \$\$). Appropriations are not equal to actual amounts expended. This is because some projects did not proceed while others did not fully deplete their funding. The remaining balances in the appropriation account are recaptured on a regular basis and made available for new project appropriation in subsequent years. All numbers are rounded and approximate.

Open Space	Historic Preservation	Community Housing	Recreation	Administration & Other	Total
\$5,068,077	\$2,303,811	\$3,042,692	\$3,183,955	\$656,794	\$14,255,329
36%	16%	21%	22%	5%	100%

Further information about the CPA in Acton is available in Acton’s Community Preservation Plan, 2016 at <http://www.acton-ma.gov/DocumentCenter/View/3191> and on the CPC website at <http://www.acton-ma.gov/index.aspx?nid=276>.

The representatives from the interest groups the Committee interviewed all had positive reports of the projects funded by the CPA and the progress those investments have made towards improving the Town. Town Meetings have generally overwhelmingly approved the CPC’s requests for appropriations. The CPA allows the Town Meeting voters to determine how their tax dollars will be spent to improve our Town and the local surcharge leverages additional state matching funds.

¹ Since the inception of CPA in Acton, Town Meeting appropriated from the Community Preservation Fund revenues collected during and for the closed previous fiscal year and from older Fund balances. For example: The April 2011 Annual Town Meeting appropriated from the Community Preservation Fund balance, which at that time consisted of (1) the local revenues raised during Fiscal Year 2010 (FY 2010, running from July 1, 2009 through June 30, 2010); (2) the interest earned during FY 2010; (3) the balance standing in the Fund after previous years’ appropriations; (4) the unspent funds recaptured from prior years’ completed project accounts; and (5) the matching State Trust Fund Distribution for FY 2010 received in October of 2010.

RECOMMENDATIONS

The Committee voted unanimously, with the Chair abstaining, to recommend:

- That the CPA in Acton not be changed to implement a “blended CPA.”²

Although this would allow for a larger state match, the Committee felt that implementing a blended CPA would restrict the CPC’s ability to fund those projects the CPC considers most appropriate. For instance, if the ACHC were to contribute its housing gift funds into the CPA fund, those gift funds may be restricted by the donors to certain purposes. The ACHC would also be more restricted in how it could expend its gift funds. Currently, the ACHC needs only approval from the Board of Selectmen to expend gift funds. If those gift funds were added to the CPA fund, they would be subject to the entire CPC evaluation and recommendation and Town Meeting appropriation process. According to Stuart Saginor, Littleton is the only town which has adopted the “blended CPA’ and they have designated a certain cell fund account to contribute to the CPA fund, to be used only for open space. This creates accounting issues and restricts the CPC’s ability to make independent recommendations for funding projects.

- That the CPA in Acton not be changed to increase the statutory funding percentages (10% community housing; 10% open space; 10% historic preservation).

The Committee felt that this would restrict the CPC’s ability to consider projects on their merits and may create strife among the target areas. According to Stuart Saginor, only Cambridge has changed the statutory percentages, requiring that the great majority of their CPA funding be directed to community housing.

The Committee further voted 8 in favor, 1 opposed, with the Chair abstaining, to recommend:

- That the Board of Selectmen place an article in a future Town Meeting warrant to increase the local CPA real estate tax surcharge from 1.5% to 3.0%, keeping the current exemptions and not adding the exemption for the first \$100,000 of taxable value of commercial properties.³

The addendum to this report provides backup support for this recommendation. The exemption for commercial properties would only amount to \$24,746 for all commercial properties.

² CPA as amended in 2012 allows cities and towns with a minimum 1% surcharge to vote by ballot to augment their local CPA contribution to up to 2% of their real estate tax levy with other municipal revenue sources “... including, but not limited to, hotel excises pursuant to chapter 64G, linkage fees and inclusionary zoning payments, however authorized, the sale of municipal property pursuant to section 3 of chapter 40, parking fines and surcharges pursuant to sections 20, 20A and 20A1/2 of chapter 90, existing dedicated housing, open space and historic preservation funds, however authorized, and gifts received from private sources for community preservation purposes; and provided further, that additional funds so committed shall not include any federal or state funds.