

COMMUNITY PRESERVATION ACT STUDY COMMITTEE REPORT

INTRODUCTION

In December 2000, the Commonwealth passed the Community Preservation Act¹ (the “CPA”) that enables communities to promote open space, preserve historic resources, and develop community housing. The CPA authorizes establishment of a local “Community Preservation Fund”, derived from a surcharge of up to 3 percent on the local property tax and a state match.

Wellesley’s 2001 Annual Town Meeting passed a motion to create a study committee (the “Study Committee”), which was charged with making a recommendation at the 2002 Annual Town Meeting on whether the Town should adopt the CPA. The Study Committee met regularly through the fall and winter of 2001-2002. It met with various boards which would be directly involved in carrying out the responsibilities of the CPA, heard from state officials from the Department of Revenue and the Executive Office of Environmental Affairs, and held a public hearing. The Study Committee also made a series of estimates and projections of the amount that might be raised under the CPA and the financial impact on taxpayers.²

The Study Committee unanimously recommends adoption of a 1 percent surcharge on the local property tax with certain exemptions and the formation of a 9 member Community Preservation Committee that will make annual recommendations to Town Meeting regarding expenditures from the local Community Preservation Fund. The Study Committee further recommends that Town Meeting review whether the surcharge should continue beyond the mandated 5-year period.

Adoption of the CPA requires either a favorable Town Meeting vote or a signature-based citizens’ petition *and* a favorable ballot vote at a municipal or state election. Thus, if the 2002 Town Meeting votes to accept the CPA, it must then be approved by a majority of the voters at the November 2002 election before it can take effect.

MECHANICS OF THE CPA

ALLOCATION OF FUNDS

The CPA requires that at least 10 percent of the funds collected under its provisions in each fiscal year be spent or reserved for each of the CPA’s three main purposes: open space, historic resources, and community housing. Funds that are not expended in one year may be “banked” or carried over to subsequent years subject to the limitation that the funds ultimately be expended for the specific purpose for which they were reserved. The remaining 70 percent of annual funds can be appropriated or banked, according to the Town’s priorities, for one or more of four purposes: the three listed above, and for recreational uses. In addition, subject to certain

¹ Massachusetts General Laws Chapter 44B.

² See “List of Appendices” on page 14.

restrictions, 5 percent of the funds raised annually may be used for administrative activities related to the work of the Community Preservation Committee.

The Town has the flexibility to draw monies from various components of the local Community Preservation Fund for projects that advance more than one of the CPA's purposes. Thus, a multi-use project would draw CPA funds, entirely or in part, from any of the accounts apportioned for the project's several purposes.

SURCHARGE

The primary revenue source for the local Community Preservation Fund ("the Local Fund") is a property tax surcharge of up to 3 percent that will be assessed on each parcel of taxable real estate within the Town. On one hand, amounts generated by the surcharge are similar to an operating budget override, which in the year it is passed is not subject to the levy limitations of Proposition 2 ½. However, unlike an override, which results in a permanent increase in the levy limit that could compound up to 2.5% annually thereafter, the CPA surcharge remains a fixed non-compounding percentage on the real estate tax. In this way, the CPA surcharge is similar to a debt exclusion that, for the life of the debt, is allowed to increase a community's levy *above* the levy limitations of Proposition 2 ½. For as long as the community enacts it, the CPA surcharge is prevented from compounding by being excluded from the tax levy limit in a manner similar to a debt exclusion.

In formulating its recommendations to Town Meeting, the Study Committee paid special attention to the effect that overrides and debt exclusions will have on increasing the Town's total tax levy and, therefore on real estate tax bills. By definition, the first year of an override and the life of a debt exclusion are exempt from the growth limits set by Proposition 2 ½, yet they are part of the total levy that must be generated to fund the Town's activities. As the total levy grows, real estate tax bills increase because levy funds are assessed through property taxes. Since the CPA surcharge is in addition to the property tax, as overrides are passed and debt exclusions are added the total levy will grow and ultimately increase the CPA surcharge amount, even as its percentage remains the same.³

The Study Committee recommends adoption of a 1 percent surcharge.

EXEMPTIONS

The CPA allows municipalities to adopt up to three exemptions from the surcharge: (1) low-income and low- or moderate-income senior housing, (2) commercial and industrial property in towns with classified tax rates, and (3) the first \$100,000 of each residential parcel. Because

³ See Appendix A: "Relationship Between the Levy Limit, Debt Exclusions, Overrides and the CPA Surcharge" for detailed analysis of these relationships. The Study Committee also suggests that the Advisory Committee Report to the 2002 Annual Town Meeting be read carefully for information concerning the anticipated need for overrides, a description of pending capital projects proposed for funding above the levy limit (i.e., debt exclusion projects), and projections concerning sources and other uses of funds.

Wellesley does not have different tax rates for commercial/industrial and residential properties (i.e., classified real estate), the Town may not consider the second exemption.⁴

The Study Committee recommends adoption of exemptions 1 and 3.

REVENUES GENERATED

If the Town adopts the CPA with a 1 percent surcharge and two exemptions, it could raise approximately \$470,000 in the first year of implementation.⁵ The additional tax imposed on a single family residential property with a median valuation (\$576,000 in FY02) would be approximately \$39. The surcharge for a commercial/industrial property of median valuation (\$1,342,500 in FY02) would be approximately \$109.⁶

COMMUNITY PRESERVATION TRUST FUND

The funds raised through the surcharge on the local property tax are supplemented by monies from the Massachusetts Community Preservation Trust Fund (the “State Fund”) whose revenue is generated by increased recording fees at the Registries of Deeds and the Land Court. Massachusetts Department of Revenue anticipates that the State Fund will generate \$26,000,000 annually. In fact, more than \$29,000,000 has been raised in the first 12 months since the State Fund’s inception.

The total annual amount collected by the Town depends on the percentage of the surcharge on the local property tax, whether certain exemptions from the surcharge are adopted, and the amount of matching funds from the state. The “State Match”, in turn, depends on how many communities participate in the program, the amount of surcharge they impose, and which exemptions they adopt, if any. The State Match is anticipated to decrease over time as more communities adopt the CPA.

As of January 2002, a total of 102 of the 351 cities and towns in the Commonwealth have given consideration to CPA. The voters in 35 municipalities have adopted the CPA and another 24 communities have upcoming ballot votes on the issue, 4 of which are re-considering CPA after an initial failed election. A total of 47 communities have decided not to adopt the CPA, 32 by ballot vote and 15 by vote of the legislative body.⁷

⁴ See Appendix B: “Mechanics of Exemptions” for details on applicability.

⁵ See Appendix C: “Estimated CPA Surcharge Funds” for details.

⁶ See Appendix D: “Estimated CPA Impact on Taxpayers” for details.

⁷ See Appendix E: “CPA Status in Other Municipalities” for lists of which communities have approved, have a pending ballot vote in 2002 or have voted *not* to adopt the CPA.

STATE MATCH

Once a municipality adopts the CPA, it may begin to collect the surcharge and, as long as a full year's surcharge has been collected, it is then eligible for the State Match distribution in October of the next fiscal year. The State Match (at a rate no more than 100 percent for any community) is made annually on October 15 and consists of three rounds:

- ◆ If the Town adopts a 1 percent surcharge, it will be eligible for inclusion *only* in the first round of the State Match. The first round distributes 80 percent of the State Fund. The match is in proportion to the amount of the surcharge that the particular community has collected by the preceding June 30 as a share of the surcharge that all municipalities have collected during the same period.
- ◆ The second round relates to the remaining 20 percent of the State Fund, which will be distributed *only* among those municipalities that have assessed the surcharge at the maximum 3 percent rate. Distributions are made by a formula related to the population rank and the equalized property valuation per capita of the participating cities and towns. The formula is weighted in favor of those communities with the smallest population and the lowest per capita property valuation. Wellesley falls into the highest decile grouping for this round, making us eligible for the *least* amount from this distribution.
- ◆ The third round is made up of any balance in the State Fund. Distributions are made in the same manner as distributions under the second round formula. Only communities that have adopted the 3 percent maximum surcharge qualify for this round.

By adopting the CPA now the State Match is estimated to be potentially as high as 100 percent in at least the first year of the Town's eligibility. However, state officials anticipate that the State Match will decline to approximately 50 percent within the first 5 years of the program as more communities adopt the CPA.⁸

With the recommended 1 percent surcharge and two exemptions, it is anticipated that in the first year of implementation, the surcharge and State Match may yield as much as \$938,000.

LOCAL IMPLEMENTATION

The CPA is adopted through two steps. The first step can follow either of two paths: adoption at a Town Meeting (as is being proposed here) or a signature-based citizens' petition. Regardless of how the first step is achieved, the second step requires a favorable ballot vote at a regularly scheduled Town or state election.

⁸ See [Appendix F](#): "Estimated CPA State Match" for details.

The amount of the surcharge and the inclusion of exemptions can be modified at any time by an action initiated by Town Meeting and approved by a confirming vote at a regular Town or state election. The Town may not revoke the surcharge for five years after the date of adoption, but may revoke it any time thereafter. If the Town revokes the CPA, any unpaid assessments must first be paid (e.g., a taxpayer who has unpaid real estate taxes due), and any unpaid obligations on the part of the Town must also be satisfied (e.g., balances due on an acquisition or improvement program being funded over several years) before the revocation can be implemented.

The Study Committee further recommends that within 5 years Town Meeting review whether the surcharge should continue beyond the mandated 5-year period.

TIMING

If the 2002 Annual Town Meeting adopts the CPA, there will be a ballot vote at the state election in November 2002. If approved, the surcharge would be collected as part of the fiscal year 2003 tax bill. The Town would then participate in the October 2003 State Match.

POTENTIAL USES

The CPA requires that 10 percent of the Local Fund be appropriated or set aside for future spending in each of the following areas: open space, historic resources, and community housing. The remaining 70 percent can be distributed among these three areas, recreation uses, and to a limited extent, administrative expenses. A multi-use project can draw funds from more than one area.

Communities that adopt the CPA may issue general obligation bonds in anticipation of revenues to be raised through the surcharge and state matching funds. For example, if the Town wished to purchase some land, it could issue a bond and then pay it off with funds from the local Community Preservation Fund.

NOTE: throughout this section, projects that qualify for use of CPA funds that are already listed on the Town's 5-Year Capital Needs Planning Schedule have been marked by an "*" ⁹

OPEN SPACE

Funds in this area may be used for the acquisition, creation, preservation, rehabilitation, or restoration of open space. CPA funds can be used to purchase land, easements or restrictions to protect a variety of spaces. These spaces could include existing and future water supply areas, agricultural and forest land, wetlands, floodplains, wildlife habitat, and nature preserves, as well as active and passive recreational uses, such as playgrounds, or athletic fields for non-commercial youth and adult sports, and for use as community gardens, parks or trails.

⁹ See Appendix G: "CPA Eligible Items on the Town's 5-Year Capital Needs Planning Schedule" for details.

The Town has three major open space organizations: the Natural Resources Commission (“NRC”), the Wetlands Protection Committee and the Wellesley Trails Committee. The NRC was established in 1978 to improve Wellesley’s open space management. Its elected board consolidates the statutory functions of the Park Commission, Conservation Commission, Tree Warden, Town Forest Committee and Pest Control Officer. It is the mission of the NRC to provide stewardship, education and advocacy of the town’s parks and conservation land so that the full value of the Town’s natural assets can be passed on to future generations. The Wetlands Protection Committee is comprised of 5 members appointed by the NRC. They are responsible for protecting the ground and surface water supply by administering and enforcing the state Wetlands Protection Act. The Trails Committee is also a sub-committee of the NRC. They have as their goal the preservation and enhancement of Wellesley’s off-street trails, particularly the Cochituate Aqueduct and Fuller Brook Park.

Funds in this area might be used in a variety of ways:

- ◆ Purchase of land for water supply use or water supply protection.
- ◆ Purchase of conservation land. The Natural Resources Commission has created a priority list of parcels using the guidelines listed in the *Open Space and Recreation Plan* for potential acquisition. Examples include:
 - Grossman’s/Stop and Shop Parcel: 5 acres of riverfront property identified by the Planning Board’s *Wellesley Lower Falls Zoning, Urban Design and Landscape Guidelines*, and the Selectmen’s Land Acquisition Advisory Committee as suitable for a mix of community housing and open space uses; and
 - Charles River Hospital Parcel: 5 acres for conservation use and conversion of the existing buildings into community housing.
- ◆ Purchase of conservation easements and restrictions to protect wetlands, wildlife habitat and town water supply, as well as to protect private land from development.
- ◆ Restoration and dredging of the town’s ponds including Moses Pond, Longfellow Pond, Abbott* and State St. Ponds* in accordance with the Town’s *Pond Restoration Master Plan*.
- ◆ Purchase of recreational land for active uses such as ball fields and a skateboard park, and for passive uses such a community gardens and trails.
- ◆ Rehabilitation and upgrade of existing ball fields and parks such as Ouellet Park*, Phillips Park* and the Warren Recreation Center park and playground* (in conjunction with the Recreation Commission).
- ◆ Improvements to school and town playgrounds.
- ◆ Restoration and improvements to the historically significant Fuller Brook Path parkland*.

- ◆ Trail system improvements* and acquisition of the Sudbury Aqueduct Trail, and the remaining portion of the Cochituate Aqueduct Trail that are state-owned.
- ◆ Planting of shade trees and landscape plantings on Town land* and Duck Pond.
- ◆ Restoration and improvements to the Town Hall Park.

The Natural Resources Commission, the Wetlands Protection Committee and the Wellesley Trails Committee strongly support adoption of the CPA.

HISTORIC RESOURCES

Funds appropriated in this area must be for the acquisition and preservation of historic resources, including rehabilitation or restoration of historic structures and landscapes that are listed or eligible for listing on the State Register of Historic Places or that have been determined by the local historic organization “to be significant in the history, archeology, or architecture” of the Town.

The Town has three major historical organizations: the Wellesley Historical Commission, the Wellesley Historic District Commission, and the Wellesley Historical Society. The Historical Commission and Historic District Commission are municipal entities. The Historical Society is a private, self-supporting, non-profit organization. All three organizations are dedicated to preserving the Town’s historic resources. The following are examples of how the Historical Commission and the Historic District Commission might use the funds:

- ◆ Acquire and restore buildings of historical significance, such as the American Legion building. Uses for the building could include municipal offices, community meeting places, or housing.
- ◆ Restore Wellesley Farms train station.
- ◆ Develop a “Wellesley Historical Trail” in conjunction with a “Wellesley Historical Walking Guide”.
- ◆ Extend the Wellesley “Historic Plaque” program to include buildings at least 100 years old.
- ◆ Expand the list of properties that could be placed on the National Register of Historic Places and retain a consultant to secure the necessary documentation.
- ◆ Develop educational materials pertaining to the history of Wellesley, which could be prepared in conjunction with the Historical Society.
- ◆ Provide “incremental investment” when municipal structures are being renovated to restore such structures in a historically accurate manner.

The Historical Commission strongly supports the adoption of the CPA. The Historical Society also voted to support adoption of the CPA as recommended by the Study Committee. The Historic District Commission agrees in principle with the CPA.

COMMUNITY HOUSING

Community housing is defined in the CPA as housing for low-income individuals and families, and housing for low- or moderate-income seniors (persons 60 or older). Under the CPA, low-income refers to a person or family whose income is less than 80% of the area's median income as determined by the U.S. Department of Housing and Urban Development ("HUD"); moderate-income refers to a person or family whose income is less than 100% of that median. As of March 2001, HUD determined that the Boston area's median income for a family of four was \$70,000.

The CPA requires that a municipality's Community Preservation Committee recommend, wherever possible, that community housing needs be met through the adaptive reuse of existing buildings or the construction of new buildings on previously used sites.

The Town has two major housing organizations: the Housing Authority, a municipal entity, and the Wellesley Housing Development Corporation ("WHDC"), a non-profit entity established by the Town. The Housing Authority carries out the duties of Chapter 121B of the General Laws which include planning, constructing, operating, and maintaining housing for families, veterans, and elderly of low-income. WHDC's mission is to preserve the Town's tradition of being home to families of a variety of economic backgrounds and to respond to State law mandates for housing for low- or moderate-income individuals and families.

Affordable housing has long been a difficult issue for Wellesley. As a result of rapid appreciation in real estate values during the 1980s and, after a pause during the recession of 1990/91, a second boom during the late 1990s, housing in Wellesley has become unaffordable to all but the very highest income individuals and families. During the calendar year 2001, the median single-family residence in Wellesley sold for \$695,000.¹⁰ Over time, the result of this appreciation has been that housing in Town is often far out of reach for individuals and families with modest incomes.

The Town is far short of the requirements needed to prevent developers from seeking comprehensive permits under Chapter 40B of the General Laws and thus, circumventing the Town's permitting process. To reduce the probability of forced high-density projects under Chapter 40B, the Town must be seen as making a "good-faith effort" to encourage the development of low- and moderate-income housing. WHDC is charged with taking steps to insure that the development of community housing units remains consistent with the single-family character of the Town. Thus far, WHDC has not had the funds to fulfill its charge.

The CPA allows and encourages a variety of approaches to the development of community housing. For example, CPA funds may be used for low-interest loans to first-time

¹⁰ Town statistics data from The Warren Group, 280 Summer Street, Boston MA 02210 (www.thewarrengroup.com).

homebuyers, for the purchase and rehabilitation of 1 to 4 family homes by income-eligible buyers, to acquire or rehabilitate rental housing, or to provide resources to equip the homes of elderly residents with such safety measures as ramps and handrails. Another potential use of CPA funds could be to provide affordable housing options for the Town's long-term residents who would like to remain in Wellesley during their fixed-income, post-retirement years.

The Housing Authority and WHDC both strongly support the adoption of the CPA.

RECREATIONAL USES

Funds for recreational use might be used for the following projects:

- ◆ Morse's Pond. Planning for the upgrading and rehabilitation of Morse's Pond Beach, addressing such issues as:
 - Upgrade the beach house and add a food concession area
 - Improve beach and water quality* in the swimming area
 - Provide more shade
 - Establish water activities for the very young (e.g., spray park)
 - Install additional equipment (e.g., slide, high diving platform, etc.)
 - Improve landscaping (including resolution of environmental concerns)
- ◆ Playing Fields. Upgrade Town parks, fields and playgrounds for both team sports and informal recreational use (e.g., Ouellet Park*)
- ◆ Future projects including:
 - Expand passive recreational activities at Morse's Pond (e.g., fishing, canoeing, sailing, picnicking, etc.)
 - Implement better means of harvesting Morse's Pond weeds
 - Improve Warren site* (play equipment, etc.) in conjunction with NRC
 - Continue upgrade of fields and parks

Many of these projects would be planned and implemented with the cooperation of other Town boards.

The Recreation Commission supports adoption of the CPA.

PLANNING CONSIDERATIONS

The CPA is consistent with the goals and policies of the Town's Comprehensive Plan. Acceptance of the CPA could serve to assist the implementation of recommended Town projects. Much time and effort and considerable Town funds have been expended in developing not only the Comprehensive Plan, but also the detailed studies of Wellesley's commercial areas, which are summarized below.

- ◆ Studies for the Lower Falls and Wellesley Square business districts have been completed.
- ◆ Studies for the Cedar Street, Wellesley Hills and Linden Street business districts are under way.
- ◆ Studies for the remaining business districts* are planned.

Local monies for completion of these activities could be supplemented by state matching funds under the provisions of CPA.

CPA funds could also be utilized to implement specific projects, arising from the planning process, that are identified by the Town as valuable and needed. These projects include creation of community housing, rehabilitation of the Walnut Street fire station*, landscape enhancement of Elm Park in Wellesley Hills, and the railroad right-of-way pedestrian corridor in Lower Falls. Similarly, the detailed Town Hall landscape plan developed several years ago but never implemented could qualify for CPA funds.

The Planning Board supports in principle the goals of the CPA.

THE COMMUNITY PRESERVATION COMMITTEE

A town that adopts the CPA must create a Community Preservation Committee (the “CP Committee”), which makes recommendations to its Town Meeting on the appropriations from the local Community Preservation Fund. The CP Committee may consist of between five and nine members, five of which are designated in the statute to be members of the following committees: Conservation Commission, Historical Commission, Planning Board, Housing Authority, and the Park Commission, with the remaining members, if any, selected as prescribed in a Town’s by-laws. The town has complete flexibility in its appointment or election of the additional members (up to four) if it chooses to have more than five members on the CP Committee.

In Wellesley, the Natural Resources Commission has, by special act of the Massachusetts legislature, been assigned the functions of the conservation commission and park commission. This reduces the members designated under the statute to four in Wellesley’s case. The Study Committee recommends a 9 person Community Preservation Committee consisting of one member designated by and appointed from each of the four Boards as required under the statute (the Natural Resources Commission, the Housing Authority, the Historical Commission, and the Planning Board) plus one member appointed from the Recreation Commission, and four members appointed by the Moderator. All members must be residents of the Town.

The CP Committee is responsible for studying the needs, possibilities, and resources of the Town regarding community preservation, consulting with existing boards, commissions, and authorities carrying out activities within the purview of the CPA, holding the required public hearings, and making recommendations to Town Meeting. These recommendations include identifying activities and the amount of funds required to carry them out. The Town Meeting may accept or reject items proposed and amounts of funds to carry out those proposed activities. Town Meeting would not be authorized to substitute different projects or to increase funding

amounts unless recommended by the CP Committee. The appropriate Town boards would then carry out the proposals voted favorably by Town Meeting. The process would be repeated annually.

RECOMMENDATION

The Study Committee unanimously recommends that the Town adopt the CPA with a 1 percent surcharge on the property tax. Further, the Study Committee recommends that the first \$100,000 in assessed value for each residential parcel be exempt from the surcharge and that the exemption from the surcharge for qualified low- and moderate-income property owners be adopted.

The Study Committee bases its recommendations primarily on the following considerations:

- ◆ *The availability to the Town of state matching funds through the CPA.*

Adoption of the CPA would allow the Town to receive approximately 100 percent state matching at least in the first year and approximately 50 percent several years after implementation. Therefore for every \$100 raised by the surcharge, the Town may receive up to another \$100 from the State, significantly increasing the amount raised locally. This will reduce significantly the cost to the Town of undertaking projects related to open space, historic preservation, and community housing.

- ◆ *The ability of the Town through use of CPA funds to acquire property that provides the opportunity to improve or expand open space, preserve historic sites or structures, or develop community housing.*

CPA funds would provide a source of “earnest” money for the purchase of parcels to preserve open space or historic sites, and to provide for community housing consistent with the single-family character of the Town. The opportunity to expand the Town’s number of affordable housing units is especially important in establishing the Town’s good faith in seeking to meet state targets under the Chapter 40B provisions.

- ◆ *The creation of a source of tax revenue that is dedicated to the particular forms of public spending supported by the CPA.*

These forms of spending – open space, historic preservation, and community housing – are forms of long-term investment in the Town’s physical infrastructure. Such projects often receive inadequate attention or are not funded at all when they must compete against operating expenditures for schools, public safety and other Town boards and departments.

- ◆ *The CPA process builds on a precedent already established by the Town.*

The Town has established a Stabilization Fund that allows Town Meeting to appropriate and set aside funds as a reserve account for future use. The process has

proven to work to the Town's advantage as a method of evening out annual appropriations. Similarly, the CPA permits the Town to accumulate funds for future projects whose timing is outside the current appropriation window or whose funding exceeds the amount that can be raised in a single year.

- ◆ *The process by which the use of CPA funds will be decided.*

The CP Committee will establish a more coordinated process involving cross-board cooperation to identify projects and plan for their implementation. Adoption of CPA would not alter the role of the Advisory Committee to make recommendations on all uses of Town funds, which would now include Community Preservation projects. Town Meeting will then consider and, as it approves them, move forward on projects that are integral to the future well being of the Town, many of which have already been identified on the Town's 5-year capital budget.

- ◆ *The timing of the CPA adoption, in the context of current economic conditions and the financial needs of the Town.*

Although some might argue that at a time of fiscal stress, passing even a small additional increase in property taxes is undesirable, the CPA provides an opportunity to use state matching funds for expenditures that would otherwise be financed entirely by the Town's residents and businesses.

- ◆ *The establishment of a CPA ballot question by vote of Town Meeting, versus the route of a signature-based citizens' petition.*

Acceptance of the CPA through the Town Meeting process allows the Town to establish the surcharge rate and exemptions through a deliberative process before being submitted to the voters for ratification. The signature-based citizens' petition route does not allow for modification of the terms and conditions prior to submission to the voters for approval.

- ◆ *The voters' control over the decision to adopt the CPA*

Similar to overrides and debt exclusions under Proposition 2 ½, the residents will vote to accept or reject the CPA, as a ballot question, at the time of a Town or state election.

The Study Committee also recommends the establishment of a 9 member Community Preservation Committee, the membership of which includes the four members required by statute (members designated by and appointed from the Natural Resources Commission, Housing Authority, Historical Commission, and the Planning Board), a member designated by and appointed from the Recreation Commission, and four other members, appointed by the Moderator. The members will have staggered three-year terms. The Committee's duties are set forth in the CPA, and include recommending to Town Meeting the use of the funds collected through the surcharge and State Match.

Respectfully submitted,

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APPENDIX A

RELATIONSHIP BETWEEN THE LEVY LIMIT, DEBT EXCLUSIONS, OVERRIDES and THE CPA SURCHARGE

To illustrate the relationship of the CPA surcharge to the Town's finances year to year, a *hypothetical* scenario was modeled. This scenario assumed that the Town adopted the CPA in FY2001 at a surcharge of 1 percent with exemptions 1 and 3 and continued the CPA through FY2002 with the same criteria. Although the CPA figures are *hypothetical*, actual Town data was used for all other figures shown for FY2001 and FY2002. Refer to the table below while reviewing this text.

TAX LEVY CALCULATION	IF CPA Surcharge Started in FY 2001 with 1% and Exemptions #1^A & #3	IF CPA Surcharge Continued in FY 2002 with 1% and Exemptions #1^A & #3	Row
Calculation of "Tax Levy Limit Plus Debt Exclusion, Current Year"			
Tax Levy Limit Plus Debt Exclusion & CPA Surcharge, Prior Year	45,927,604	49,120,954	1
Less:			
Amount included for Debt Exclusion	1,246,141	1,196,313	2
Amount included for CPA Surcharge	0	411,175	3
Equals: Tax Levy Limit subject to 2.5% Growth	44,681,463	47,513,466	4
Plus:			
2.5% Levy Growth	1,117,037	1,187,837	5
Growth allowed for property being taxed for the first time	964,966	887,328	6
Operating Budget Overrides	750,000	1,967,821	7
Equals: Levy Limit before Debt Exclusion	47,513,466	51,556,452	8
Plus:			
Existing Approved Excluded Debt:			
Debt Exclusion - Sr. High School Modernization	177,917	0	9
Debt Exclusion - Drains	31,740	0	10
Debt Exclusion - RDF	451,011	434,922	11
Debt Exclusion - School Design Plans	535,645	489,250	12
Debt Exclusion - Sprague School		1,474,913	13
Debt Exclusion - Bates School		68,550	14
Sub-total: Debt Exclusion	1,196,313	2,467,635	15
Equals: Tax Levy Limit Plus Debt Exclusion, Current Year	48,709,779	54,024,087	16
Calculation of "BASE Tax Rate"			
Total Assessed Value/1,000	5,498,514	6,668,864	17
Equals: BASE Tax Rate	8.85	8.10	18

Continued on the next page.

CPA SURCHARGE CALCULATION	IF CPA Surcharge Started in FY 2001 with 1% and Exemptions #1^A & #3	IF CPA Surcharge Continued in FY 2002 with 1% and Exemptions #1^A & #3	Row

Calculation of "CPA Exemption #3 for First \$100k Residential Valuation"				
Number of Residential Properties		8,085	8,084	19
Times:				
	Exemption #3	100,000	100,000	20
Equals: Amount of CPA Exemption #3		808,500,000	808,400,000	21
Calculation of "Tax Levy Limit Plus Debt Exclusion & CPA Surcharge, Current Year"				
Residential Assessed Value		4,757,723,000	5,776,391,000	22
Minus:				
	CPA Exemption #3	808,500,000	808,400,000	23
Equals: Adjusted Residential Property Valuation		3,949,223,000	4,967,991,000	24
Plus:				
	Commercial & Industrial Assessed Value	696,821,000	838,214,000	25
Equals: CPA Property Valuation		4,646,044,000	5,806,205,000	26
Times:				
	BASE Tax Rate/\$1,000	0.00885	0.00810	27
Equals: CPA Property Levy ^B		41,117,489	47,030,261	28
Times:				
	1% CPA Surcharge	0.01	0.01	29
Equals: CPA Surcharge		411,175	470,303	30
Plus:				
	Tax Levy Limit Plus Debt Exclusion, Current Year	48,709,779	54,024,087	31
Equals: Tax Levy Limit Plus Debt Exclusion & CPA Surcharge, Current Year		49,120,954	54,494,390	32
Calculation of "Tax Rate with CPA/\$1,000"				
These tax rates are not modeled, but would be calculated on an individual basis.				33

A = Exemption 1 is not reflected in this model because data linking income with property valuation is not publicly available.

B = If Chapter 59 exemptions (excluding tax payment deferrals) or abatements are granted, the CPA Property Levy will be reduced by a corresponding proportion. Since exemptions and abatements are granted individually and are accounted for on the Town's "Usage of Funds" they are not shown here.

Calculation of the CPA surcharge is dependent on the current year's tax levy and base tax rate. These elements must be known before the surcharge can be formulated. The tax levy is derived by taking the prior year's total, "Tax Levy Limit Plus Debt Exclusions & CPA Surcharge" [FY01, row 33] and making it the first entry for the current year [FY02, row 1]. Then items from the prior year that are exempt from the growth limitations of Proposition 2 ½ are entered into the current year's column and subtracted: "Debt Exclusion" [FY01, row 15 entered into FY02, row 2] and "CPA Surcharge" [FY01, row 30 entered into FY02, row 3]. This yields the portion of the prior year's levy limit that, within the limitations of Proposition 2 ½, *is* subject to 2½ percent growth *in the current year* [FY02, row 4].

Several items are then added to the "Tax Levy Limit Subject to 2.5% Growth" [FY02, row 4] to determine the current year's levy limit before debt exclusion. These items are: the 2 ½ percent levy increase [FY02, row 5], the growth from property being taxed for the first time [FY02, row 6] and any operating budget overrides [FY02, row 7]. This figure is known as the "Levy Limit before Debt Exclusion" [FY02, row 8].

Next all debt exclusions [FY02, rows 9-14] are sub-totaled. Then, the "Levy Limit before Debt Exclusion" [FY02, row 8] is added to the sub-total for all debt exclusion [FY02, row 15] to determine the current year's "Tax Levy Limit Plus Debt Exclusion" [FY02, row 16].

Finally, this levy limit plus debt exclusion figure [FY02, row 16] is divided by the "Total Assessed Value/ \$1,000" [FY02, row 17] to determine the "Base Tax Rate" [FY02, row 18].

Now determination of the CPA surcharge can begin. In this scenario exemptions 1 and 3 have been adopted. Exemption 1 is not reflected in the table because data that links income with property valuation is not publicly available. Furthermore, according to the Massachusetts Department of Revenue, it is anticipated that the impact of this exemption will be fairly small.

The impact of exemption 3 is included and is calculated by multiplying the number of residential properties [FY02, row 19] by \$100,000 [FY02, row 20] to determine the "Amount of CPA Exemption 3" [FY02, row 21].

Next the portion of the Town's real estate valuation that is applicable to the CPA must be determined. First, the "Residential Assessed Value" [FY02, row 22] is adjusted by subtracting the amount associated with exemption 3 [FY02, row 21 entered into FY02, row 23]. The resulting number [FY02 row 24] is combined with the commercial and industrial assessed value [FY02, row 25] to determine the "CPA Property Valuation" [FY02, row 26], from which the surcharge will be derived.

The CPA property valuation [FY02, row 26] is then multiplied by the base tax rate/\$1,000 [FY02, row 27] to calculate the "CPA Property Levy" [FY02, row 28] to which the surcharge will be applied. *Note:* if abatements or Chapter 59 exemptions (with the exception of tax payment deferrals) are granted, the "CPA Property Levy" will be reduced by a corresponding proportion. Since abatements and exemptions are granted individually, and are accounted for on the Town's "Usage of Funds", they have been ignored in this model.

Next, the CPA property levy [FY02, row 28] is multiplied by the surcharge percent [FY02, row 29] to determine the amount of the "CPA Surcharge" [FY02, row 30]. This result is the amount of surcharge funds that will be raised by the Town during the current fiscal year.

Lastly, the overall limit of funds that the Town can raise is calculated by totaling the CPA surcharge [FY02, row 30] and the "Tax Levy Limit Plus Debt Exclusion" [FY02, rows 16 entered into FY02, row 31]. The resulting figure is the "Tax Levy Limit Plus Debt Exclusion & CPA Surcharge" [FY02, row 32] that represents the upper limit of funds that the Town could raise in the current fiscal year.

NOTE: the "Tax Rate with CPA/\$1,000" [row 33] is not included in this model because the value will be different for residential and commercial/industrial properties due to the effect of exemption 3.

APPENDIX B

MECHANICS OF EXEMPTIONS

The three exemptions from the CPA surcharge are: exemption 1, low-income and low- or moderate-income senior housing; exemption 2, commercial and industrial property in municipalities with classified tax rates; and exemption 3, the first \$100,000 of residential property valuation.

- ◆ Exemption 1 applies to residential properties that are owner-occupied where the household income of all co-owners would qualify the individuals for low-income housing or low- or moderate-income senior housing. To claim this exemption, an “applicant” must declare his or her eligibility to the Board of Assessors’ office and be granted approval.

The CPA does not place age restrictions on applicants for households meeting the criteria for low-income housing. However, the CPA requires the applicant for a senior housing exemption to have reached the age of 60 or over, in addition to meeting the household criteria for either low- or moderate-income.

Household incomes that are less than 80 percent of the area wide median income qualify as low-income, while incomes less than 100 percent of the area wide median income qualify as moderate-income. According to the U.S. Department of Housing and Urban Development (“HUD”), the annual incomes applicable to Wellesley (for a four-member household) are:

- FY2001 Area wide Median Income = \$70,000
- FY2001 Low-income Households = less than \$56,000
- FY2001 Moderate-income Households = less than \$70,000

This exemption is most likely to apply to one and two-member households. Note: the figures listed above would be reduced by 10% per person for households with less than four members. For example, the applicable annual incomes for a two person household would be \$44,800 for low-income and \$56,000 for moderate-income. The applicable annual incomes for a single person household would be \$39,200 and \$49,000 for low- and moderate-income, respectively. (Applicable annual incomes for households with more than four members would be increased beyond the bulleted figures above by a proportion determined by HUD.)

- ◆ Exemption 2 excludes class three, commercial, and class four, industrial, properties from the CPA surcharge in municipalities with classified tax rates. Since Wellesley has a single tax rate, this exemption is not applicable.
- ◆ Exemption 3 excludes \$100,000 of value from each parcel of class one, residential, property from the CPA surcharge.

Note that all exemptions and abatements of real property authorized under the Massachusetts General Law Chapter 59 or other current laws are not affected by the CPA. Taxpayers that receive exemptions (such as those for the blind, disabled, veterans, or the elderly) will also be exempt from the CPA surcharge. Similarly, taxpayers that are granted abatements will have their surcharge reduced in proportion to the amount of the abatement. However, taxpayers who are granted tax payment deferrals *are* subject to, and *cannot* defer payment of, the annual CPA surcharge.

APPENDIX C

NOTE: If Wellesley adopts the CPA, FY2003 is the earliest period in which the surcharge could be applied. Since FY03 figures are not currently available, FY2002 data was used for estimation.

ESTIMATED CPA SURCHARGE FUNDS WITH EXEMPTIONS

This section estimates the funds that Wellesley could raise from the CPA surcharge alone if exemptions for (1) low-income and low- or moderate-income senior housing, and (3) the first \$100,000 of residential property valuation were adopted.

To correctly estimate the surcharge funds, the portion of the property levy that applies to the CPA should be identified. This portion excludes CPA exemptions, as well as current General Law exemptions and abatements. The table below details the process. *NOTE: Deductions for exemption (1) are not included in this calculation because data that links income with property valuation is not publicly available, and the impact on total surcharge funds is expected to be small.*

Property Type	ASSESSED FY02 Property Valuation ^B	FY02 Parcel Count ^C	(Total \$100k Residential Exemption)	ADJUSTED FY02 Property Valuation	FY02 Property Tax Rate ^B	PRELIMINARY Property Levy	Deductions for Abatements & Chapter 59 Exemptions ^D	FINAL Property Levy
Personal ^A	\$54,259,100	n/a	n/a	\$54,259,100	\$8.10/\$1,000	\$439,499	n/a	\$439,499
Residential	\$5,776,391,000	8,084	(\$808,400,000)	\$4,967,991,000	\$8.10/\$1,000	\$40,240,727	(\$122,955)	\$40,117,772
Commercial	\$832,118,000	241	n/a	\$832,118,000	\$8.10/\$1,000	\$6,740,156	(\$3,698)	\$6,736,458
Industrial	\$6,096,000	3	n/a	\$6,096,000	\$8.10/\$1,000	\$49,378	\$0	\$49,378
TOTAL	\$6,668,864,100	8,328		\$5,860,464,100		\$47,469,760		\$47,343,107

A = Exempt from CPA surcharge

B = FY2002 Tax Rate Recapitulation Sheet dated 12/5/01

C = FY2002 Tax Classification Hearing report dated 11/26/01

D = Estimated by adding 5% to FY2001 figures (FY2002 number will not be finalized until the end of April 2002). *NOTE: excludes chapter 59 deferrals per Department of Revenue, Informational Guideline Release No. 00-209 section 1.H.*

Then the CPA surcharge can be calculated as shown in the next table. *NOTE: for informational purposes, the amounts that could be raised from a CPA surcharge of 1%, 2% and 3% have been shown. However, only a single CPA surcharge percentage can be adopted by the Town.*

Property Type	FINAL Property Levy	1.0% Surcharge	2.0% Surcharge	3.0% Surcharge
Personal ^A	\$439,499	n/a	n/a	n/a
Residential	\$40,117,772	\$401,178	\$802,355	\$1,203,533
Commercial	\$6,736,458	\$67,365	\$134,729	\$202,094
Industrial	\$49,378	\$494	\$988	\$1,481
TOTAL	\$47,343,107	\$469,037	\$938,072	\$1,407,108

A = Exempt from CPA surcharge

ESTIMATED CPA SURCHARGE FUNDS WITH NO EXEMPTIONS

This section estimates the funds that Wellesley could raise from the CPA surcharge alone if no exemptions were adopted.

To correctly estimate the surcharge funds, the portion of the property levy that excludes all current General Law exemptions and abatements should be identified. Refer to the table below.

Property Type	ASSESSED FY02 Property Valuation ^B	FY02 Property Tax Rate ^B	PRELIMINARY Property Levy	Deductions for Abatements & Chapter 59 Exemptions ^C	FINAL Property Levy
Personal ^A	\$54,259,100	\$8.10/\$1,000	\$439,499	n/a	\$439,499
Residential	\$5,776,391,000	\$8.10/\$1,000	\$46,788,767	(\$122,955)	\$46,665,812
Commercial	\$832,118,000	\$8.10/\$1,000	\$6,740,156	(\$3,698)	\$6,736,458
Industrial	\$6,096,000	\$8.10/\$1,000	\$49,378	\$0	\$49,378
TOTAL	\$6,668,864,100		\$54,017,800		\$53,891,147

A = Exempt from CPA surcharge

B = FY2002 Tax Rate Recapitulation Sheet dated 12/5/01

C = Estimated by adding 5% to FY2001 figures (FY2002 number will not be finalized until the end of April 2002). NOTE: excludes chapter 59 deferrals per Department of Revenue, Informational Guideline Release No. 00-209 section 1.H.

Then the CPA surcharge can be calculated as shown in the next table. Again, a range of surcharge percentages has been shown, even though the Town can only adopt a single CPA surcharge percentage.

Property Type	FINAL Property Levy	1.0% Surcharge	2.0% Surcharge	3.0% Surcharge
Personal ^A	\$439,499	n/a	n/a	n/a
Real, Residential	\$46,665,812	\$466,658	\$933,316	\$1,399,974
Real, Commercial	\$6,736,458	\$67,365	\$134,729	\$202,094
Real, Industrial	\$49,378	\$494	\$988	\$1,481
TOTAL	\$53,891,147	\$534,517	\$1,069,033	\$1,603,549

A = Exempt from CPA surcharge

APPENDIX D

NOTE: If Wellesley adopts the CPA, FY2003 is the earliest period in which the surcharge could be applied. Since FY03 figures are not currently available, FY2002 data was used for estimation.

ESTIMATED CPA IMPACT ON TAXPAYERS WITH EXEMPTIONS

This section estimates the impact the CPA surcharge would have on a taxpayer for a particular property if exemptions for (1) low-income and low- or moderate-income senior housing, and (3) the first \$100,000 of residential property valuation were adopted.

Refer to the table below. In the first column, find the assessed value closest to the property in question. Then for residential parcels only, deduct \$100,000 (exemption 3). Only the tax on this portion of the valuation is subject to the CPA surcharge. This tax is determined by multiplying the “Adjusted Property Valuation” by the FY02 Tax Rate of \$8.10/\$1,000. Finally, the tax amount is multiplied by the surcharge percentage to determine the CPA surcharge amount for the particular property. *NOTE:* Deductions for exemption 1 are not included in this estimation because data needed for the calculation is not publicly available, and the impact on total surcharge funds is expected to be small.

ASSESSED FY02 Property Valuation	ADJUSTED Property Valuation ^A	FY02 Tax on ADJUSTED FY02 Property Valuation ^B	1.0% Surcharge	2.0% Surcharge	3.0% Surcharge
\$300,000	\$200,000	\$1,620	\$16	\$32	\$49
\$400,000	\$300,000	\$2,430	\$24	\$49	\$73
\$500,000	\$400,000	\$3,240	\$32	\$65	\$97
\$600,000	\$500,000	\$4,050	\$41	\$81	\$122
\$700,000	\$600,000	\$4,860	\$49	\$97	\$146
\$800,000	\$700,000	\$5,670	\$57	\$113	\$170
\$900,000	\$800,000	\$6,480	\$65	\$130	\$194
\$1,000,000	\$900,000	\$7,290	\$73	\$146	\$219
\$3,000,000	\$2,900,000	\$23,490	\$235	\$470	\$705
\$6,000,000	\$5,900,000	\$47,790	\$478	\$956	\$1,434
\$9,000,000	\$8,900,000	\$72,090	\$721	\$1,442	\$2,163
\$13,000,000	\$12,900,000	\$104,490	\$1,045	\$2,090	\$3,135
\$63,000,000 ^C	\$63,000,000 ^D	\$510,300	\$5,103	\$10,206	\$15,309

A = Deducts \$100,000 from the value of each taxable parcel of residential real property

B = Portion of property tax subject to the CPA surcharge

C = Properties of this value are either commercial or industrial, not residential

D = The \$100,000 deduction does not apply to commercial or industrial properties

ESTIMATED CPA IMPACT ON TAXPAYERS WITH NO EXEMPTIONS

This section estimates the impact the CPA surcharge would have on a taxpayer for a particular property if no exemptions were adopted.

Refer to the table below. In the first column, find the assessed value closest to the property in question. The tax for the property is subject to the CPA surcharge. It is determined by multiplying the “Assessed Property Valuation” by the FY02 Tax Rate of \$8.10/\$1,000. Finally, the tax amount is multiplied by the surcharge percentage to determine the CPA surcharge amount for the particular property.

ASSESSED FY02 Property Valuation	Tax on FY02 Property Valuation	1.0% Surcharge	2.0% Surcharge	3.0% Surcharge
\$300,000	\$2,430	\$24	\$49	\$73
\$400,000	\$3,240	\$32	\$65	\$97
\$500,000	\$4,050	\$41	\$81	\$122
\$600,000	\$4,860	\$49	\$97	\$146
\$700,000	\$5,670	\$57	\$113	\$170
\$800,000	\$6,480	\$65	\$130	\$194
\$900,000	\$7,290	\$73	\$146	\$219
\$1,000,000	\$8,100	\$81	\$162	\$243
\$3,000,000	\$24,300	\$243	\$486	\$729
\$6,000,000	\$48,600	\$486	\$972	\$1,458
\$9,000,000	\$72,900	\$729	\$1,458	\$2,187
\$13,000,000	\$105,300	\$1,053	\$2,106	\$3,159
\$63,000,000	\$510,300	\$5,103	\$10,206	\$15,309

APPENDIX E

CPA STATUS IN OTHER MUNICIPALITIES

The CPA community status data shown in this section is from the Trust for Public Land (www.communitypreservation.com) and, as of the date of this report (21-Feb-02), was last modified on 16-Jan-2002. The data has been supplemented with fiscal information from the Massachusetts Department of Revenue (“DOR”), Division of Local Services - Municipal Data Bank to model the statewide CPA surcharge amount that may be raised.

NOTE: FY2002 is the first year in which surcharges have been collected in communities that have adopted the CPA. At the time this report was written, DOR data for FY2002 was not available, instead FY2001 data was used for estimation and modeling.

This section contains three charts that categorize those communities that have considered the CPA into three groups: CPA adopted, CPA on upcoming 2002 ballot vote, or voted *not* to adopt CPA. Each chart includes estimates of the CPA surcharge amount for each community. The estimation method for the CPA surcharge amount takes the various CPA exemptions into account by applying a different formula to communities claiming different exemptions. In an effort to save space, some of the data used in the formulas below is not shown in the CPA status charts.

Surcharge amounts for communities with no exemptions are calculated by multiplying the “CPA Surcharge Rate” by the “FY01 Total Tax Levy”.

Surcharge amounts for municipalities with only exemption 3, for the first \$100,000 of residential valuation are calculated from:

$$[\text{“FY01 Total Tax Levy”} - [(\$100,000 \times \text{Number of Residential Properties}) \times (\text{Residential Tax Rate}/\$1,000)]] \times \text{“CPA Surcharge Rate”}$$

Note: the estimate for exemption 3 may result in a *lower* than realistic surcharge amount for some communities because it assumes that all residences subject to this exemption are valued at a minimum of \$100,000.

Surcharge amounts for communities with both exemptions 2 and 3, for the commercial/industrial exemption and the first \$100,000 residential valuation exemption are calculated from:

$$[\text{“FY01 Total Tax Levy”} - \{ [(\$100,000 \times \text{“Number of Residential Properties”}) \times (\text{“Residential Tax Rate”}/\$1,000)] + [\text{“Assessed Value of Commercial/Industrial Properties”} \times (\text{“Commercial/Industrial Tax Rate”} /\$1,000)] \}] \times \text{“CPA Surcharge Rate”}$$

NOTE: Deductions for exemption 1 are not included in this estimation because data needed for the calculation is not publicly available. Neither does this model attempt to deduct any current General Law exemptions or abatements. The impact on the CPA surcharge amount from both of these items is expected to be small.

CPA STATUS IN OTHER MUNICIPALITIES: CPA ADOPTED

MUNICIPALITY ^A	Initiated by: ^A		CPA Surcharge Rate (%) ^A	FY01 Total Tax Levy ^C	Exemptions ^A			Has Classified Tax Rates ^C	ESTIMATED CPA Surcharge Amount with Exemptions ^H	Date ^A
	TW/CC Vote ^B	Citizens' Petition			Low Income ^E	First \$100,000 ^F	Commercial, Industrial ^G			
AGAWAM	x		1.0%	\$29,247,766	x			x	\$292,478	06-Nov-01
AMHERST	x		1.0%	\$22,635,394	x	x			\$106,959	03-Apr-01
AQUINNAH	x		3.0%	\$1,369,462		x			\$25,408	09-May-01
AYER	x		3.0%	\$10,371,037	x			x	\$311,131	23-Apr-01
BEDFORD	x		3.0%	\$29,289,328	x	x		x	\$734,901	10-Mar-01
BOXFORD	x		3.0%	\$14,041,687	x	x			\$312,463	15-May-01
CAMBRIDGE	x		3.0%	\$178,484,966	x	x		x	\$4,853,368	06-Nov-01
CARLISLE	x		2.0%	\$12,466,834	x	x			\$195,385	22-May-01
CHELMSFORD	x		0.5%	\$48,227,101		x			\$145,244	03-Apr-01
CHILMARK	x		3.0%	\$3,698,556	x	x			\$97,744	25-Apr-01
COHASSET		x	1.5%	\$16,123,132	x	x			\$178,359	07-Apr-01
DRACUT	x		2.0%	\$23,236,977	x				\$464,740	07-May-01
DUXBURY		x	3.0%	\$26,951,752					\$808,553	24-Mar-01
EASTHAMPTON	x		3.0%	\$11,647,377		x			\$101,210	06-Nov-01
EASTON		x	3.0%	\$23,672,389	x	x			\$394,979	24-Apr-01
GEORGETOWN		x	3.0%	\$8,379,727	x	x			\$155,088	14-May-01
HARVARD	x		1.1%	\$9,193,388					\$101,127	03-Apr-01
HINGHAM		x	1.5%	\$36,504,909	x	x			\$396,496	28-Apr-01
HOLLISTON		x	1.5%	\$20,099,245	x	x			\$181,522	22-May-01
HOPKINTON	x		2.0%	\$26,280,186	x	x			\$360,954	21-May-01
MARSHFIELD		x	3.0%	\$30,980,927	x	x			\$421,281	28-Apr-01
MEDWAY	x		3.0%	\$15,556,899	x	x			\$262,522	07-May-01
NANTUCKET		x	3.0%	\$32,092,116	x	x	x	x	\$730,528	03-Apr-01
NEWTON	x		1.0%	\$156,140,738				x	\$1,561,407	06-Nov-01
NORFOLK		x	3.0%	\$12,116,882	x	x			\$224,245	01-May-01
NORTH ANDOVER	x		3.0%	\$36,006,461	x	x		x	\$744,855	20-Mar-01
PEABODY	x		1.0%	\$47,745,089				x	\$477,451	06-Nov-01
ROWLEY		x	3.0%	\$6,722,383	x				\$201,671	08-May-01
SOUTHAMPTON	x		3.0%	\$4,638,823		x			\$40,767	07-May-01
STOW		x	3.0%	\$10,991,106	x	x			\$219,593	15-May-01
STURBRIDGE		x	3.0%	\$9,914,311		x			\$93,512	09-Apr-01
TYNGSBOROUGH	x		3.0%	\$13,351,065	x	x			\$202,086	08-May-01
WAYLAND		x	1.5%	\$30,446,925	x	x			\$343,818	24-Apr-01
WESTFORD	x		3.0%	\$36,989,192	x	x			\$720,339	01-May-01
WESTON	x		3.0%	\$32,799,830	x	x			\$843,451	05-May-01
ADOPTED at Any % = 35	22	13	Average = 2.4%	Any % Totals:	26	27	1	8	\$17,305,637	
ADOPTED at 3% = 22	13	9		3% Totals:	17	19	1	5	\$12,499,698	

Notes are shown at the end of this appendix.

CPA STATUS IN OTHER MUNICIPALITIES: CPA ON UPCOMING 2002 BALLOT VOTE

MUNICIPALITY ^A	Initiated by: ^A		CPA Surcharge Rate (%) ^A	FY01 Total Tax Levy ^C	Exemptions ^A			Has Classified Tax Rates ^C	ESTIMATED CPA Surcharge Amount with Exemptions ^H	Date ^A
	TM/CC Vote ^B	Citizens' Petition			Low Income ^E	First \$100,000 ^F	Commercial, Industrial ^G			
ASHBY	x		3.0%	\$2,771,841	x	x			\$9,238	22-Apr-02
ASHLAND ^I	x ^L		3.0%	\$19,920,464		x		x	\$332,170	07-May-02
BRAINTREE	x		1.0%	\$46,706,958	x	x		x	\$326,572	02-Apr-02
BUCKLAND	x		1.0%	\$1,932,781					\$19,328	2002
DARTMOUTH	x		1.5%	\$27,183,292		x			\$200,283	01-Apr-02
GRAFTON	x		1.5%	\$13,186,399	x	x			\$91,642	06-May-02
GREAT BARRINGTON	x		3.0%	\$9,877,193		x			\$148,769	May-02
HAMPDEN	x		1.0%	\$5,733,512		x			\$20,897	2002
HUDSON	x		3.0%	\$18,613,392	x	x	x	x	\$173,656	14-May-02
LUDLOW	x		3.0%	\$17,191,150		x			\$92,048	25-Mar-02
NORTH ATTLEBOROUGH ^L	x		3.0%	\$24,878,456	x	x	x ^L		\$150,942	2002
NORTON	x		3.0%	\$15,535,288	x	x			\$206,309	29-Apr-02
NORWELL	x		3.0%	\$19,491,820	x	x			\$415,623	2002
PLYMOUTH	x		1.5%	\$75,157,498					\$1,127,362	11-May-02
READING	x		1.0%	\$30,566,179	x	x			\$198,582	02-Apr-02
ROCKPORT ^L	x ^L		3.0%	\$12,381,043	x	x	x ^L		\$219,865	2002
STOCKBRIDGE	x		3.0%	\$3,642,794		x			\$67,495	May-02
SUDBURY ^I	x ^L		3.0%	\$40,063,013	x	x	x	x	\$840,215	25-Mar-02
SWANSEA	x		3.0%	\$15,025,714		x		x	\$191,876	Apr-02
WAKEFIELD ^I	x ^L		1.0%	\$33,050,644	x			x	\$330,506	23-Apr-02
WAREHAM	x		3.0%	\$19,440,978		x			\$83,069	2002
WESTPORT	x		2.0%	\$12,948,198					\$258,964	11-Mar-02
WHITMAN ^L	x		3.0%	\$12,229,425	x	x	x ^L		\$67,641	2002
WILLIAMSTOWN	x		2.0%	\$8,301,108		x			\$88,614	14-May-02
PENDING at Any % = 24	24	0	Average = 2.3%	Any % Totals:	12	20	5	8	\$5,661,668 ^M	
PENDING at 3% = 14	14	0		3% Totals:	8	14	5	6	\$2,998,917 ^M	

Notes are shown at the end of this appendix.

CPA STATUS IN OTHER MUNICIPALITIES: **VOTED NOT TO ADOPT CPA**

MUNICIPALITY ^A	Initiated by: ^A		CPA Surcharge Rate (%) ^A	FY01 Total Tax Levy ^C	Exemptions ^A			Has Classified Tax Rates ^C	ESTIMATED CPA Surcharge Amount with Exemptions ^H	Rejected by: ^A		Date ^A
	TM/CC Vote ^B	Citizens' Petition			Low Income ^E	First \$100,000 ^F	Commercial, Industrial ^G			TM/CC Vote ^B	Ballot Vote	
ASHFIELD		x	2.0%	\$1,986,876	x				\$39,738		x	05-May-01
ASHLAND ^K		x ^K	3.0%	\$19,920,464		x		x	\$332,170		x	01-May-01
BECKET	x		3.0%	\$2,531,323	x				\$75,940	x		12-May-01
BELCHERTOWN		x	3.0%	\$12,074,175	x	x			\$86,408		x	21-May-01
BERLIN		x	3.0%	\$4,136,483	x	x			\$79,264		x	14-May-01
BEVERLY	x		3.0%	\$47,948,568	x	x	x	x	\$740,831		x	06-Nov-01
BOLTON	x		3.0%	\$8,871,348	x	x			\$153,346	x		09-Apr-01
BOSTON		x	2.0%	\$917,749,944	x	x		x	\$15,910,257		x	06-Nov-01
BOXBOROUGH	x		na	\$8,786,426	na	na	na		\$0	x		26-Mar-01
CARVER	x		na	\$11,418,640	na	na	na	x	\$0	x		23-May-01
CLARKSBURG	x		3.0%	\$811,125	x	x			(\$4,598)	x		04-Apr-01
DUNSTABLE	x		3.0%	\$3,628,254					\$108,848	x		12-Apr-01
FRAMINGHAM		x	3.0%	\$97,906,597		x		x	\$2,053,974		x	03-Apr-01
GLOUCESTER	x		3.0%	\$39,229,020		x		x	\$708,068		x	06-Nov-01
GROTON	x		3.0%	\$14,501,721	x	x			\$207,151	x		10-Apr-01
HALIFAX		x	3.0%	\$6,833,161		x			\$80,494		x	19-May-01
HULL		x	1.0%	\$14,119,099	x				\$141,191		x	21-May-01
KINGSTON		x	3.0%	\$13,875,193	x	x			\$230,361		x	12-May-01
MALDEN	x		3.0%	\$42,674,852	x	x		x	\$828,511		x	06-Nov-01
MANCHESTER	x		3.0%	\$11,528,412	x	x			\$292,251	x		02-Apr-01
MERRIMAC		x	3.0%	\$5,247,033	x	x			\$79,499		x	14-May-01
METHUEN	x		3.0%	\$38,862,468	x	x			\$499,505		x	06-Nov-01
MILLIS	x		na	\$10,280,301	na	na	na		\$0	x		08-May-01
NORTHAMPTON	x		3.0%	\$26,934,457	x	x			\$396,815	x		06-Sep-01
ORLEANS		x	2.0%	\$12,007,612	x	x			\$172,607		x	15-May-01
PLAINVILLE		x	3.0%	\$8,011,553		x			\$124,505		x	02-Apr-01
PLYMPTON		x	3.0%	\$3,376,037	x				\$101,281		x	19-May-01
PRINCETON	x		3.0%	\$4,606,374		x			\$67,178	x		15-May-01
REHOBOTH		x	3.0%	\$9,203,570	x	x			\$134,004		x	02-Apr-01
ROCKPORT ^{KL}		x ^K	3.0%	\$12,381,043	x	x	x ^L		\$219,865		x	03-Apr-01
SAUGUS	x		1.0%	\$32,421,856				x	\$324,219		x	06-Nov-01
SHARON		x	1.0%	\$28,562,165	x	x			\$180,110		x	01-May-01
SHIRLEY	x		3.0%	\$4,424,714	x	x			\$50,658		x	15-May-01
SHUTESBURY	x		1.0%	\$2,605,201		x			\$1,665	x		13-Mar-01
SOUTHBOROUGH	x		3.0%	\$16,915,287	x	x			\$378,449		x	14-May-01
STERLING		x	3.0%	\$8,167,487	x	x			\$122,718		x	21-May-01
SUDBURY ^K		x ^K	3.0%	\$40,063,013	x	x	x	x	\$840,215		x	26-Mar-01
TISBURY	x		2.0%	\$11,247,653		x	x	x	\$116,137	x		24-Apr-01

Continued on the next page.

MUNICIPALITY ^A	Initiated by: ^A	CPA Surcharge Rate (%) ^A	FY01 Total Tax Levy ^C	Exemptions ^A	Has Classified Tax Rates ^C	ESTIMATED CPA Surcharge	Rejected by: ^A	Date ^A
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	TM/CC Vote ^B	Citizens' Petition			Low Income ^E	First \$100,000 ^F	Commercial, Industrial ^G		Surcharge Amount with Exemptions ^H	TM/CC Vote ^B	Ballot Vote	
WAKEFIELD ^K		x ^K	1.0%	\$33,050,644	x			x	\$330,506		x	24-Apr-01
WALTHAM	x		3.0%	\$90,354,249		x	x	x	\$2,268,903		x	06-Nov-01
WEST BRIDGEWATER	x		2.0%	\$10,228,213	x	x	x	x	\$58,655	x		11-Jun-01
WEST TISBURY	x		3.0%	\$6,006,709		x			\$128,426		x	12-Apr-01
WESTHAMPTON	x		1.0%	\$1,899,148					\$18,991		x	02-Jun-01
WESTWOOD		x	3.0%	\$31,339,145	x	x		x	\$751,577		x	30-Apr-01
WILLIAMSBURG	x		1.0%	\$2,461,426					\$24,614	x		19-Mar-01
WINTHROP ^L		x	3.0%	\$12,404,076	x	x	x ^L		\$157,550		x	07-May-01
WOBURN	x		3.0%	\$50,325,023	x	x		x	\$1,174,873		x	06-Nov-01
NOT Adopted at Any % ^J = 47	26	21	Average ^J = 2.4%	Any % Totals ^J :	30	35	7	18	\$24,183,681	15	32	
NOT Adopted at 3% ^J = 32	17	15		3% Totals ^J :	23	29	5	12	\$13,469,037	11	24	

- A. CPA status data from the Trust for Public Land (www.communitypreservation.com)
- B. TM refers to Town Meeting; CC refers to City Council.
- C. Department of Revenue, Division of Local Services, Municipal Data Bank: FY2001 Total Tax Levy & Tax Bill Collection.
- D. This estimation shows a higher than possible surcharge amount because it does NOT take into account any CPA or current General Law (i.e., Chapter 59) exemptions.
- E. Property owned and occupied by a person who would qualify for low-income housing or low- or moderate-income senior housing. This exemption is not reflected in this model because data linking income with property valuation is not publicly available.
- F. The first \$100,000 of taxable value of residential real estate.
- G. Class three commercial or class four industrial properties in cities or towns with classified tax rates
- H. This estimation shows a lower than realistic surcharge amount because it assumes that all residences in communities with the first \$100,000 CPA exemption are valued at a minimum of \$100,000.
- I. Previously in this town, a successful petition drive led to a ballot vote not to adopt CPA.
- J. Excluding the three municipalities where the corresponding information is not available ("na").
- K. This community is looking at CPA a second time. A successful petition drive resulted in a failed ballot vote in 2001 that has subsequently been followed by a successful TM vote that is pending ballot vote in 2002.
- L. This community has included the exemption for commercial and industrial property in anticipation of, and conditional upon, their adoption of a classified tax rate.
- M. Assuming all communities with pending votes adopt the CPA.

APPENDIX F

ESTIMATED CPA STATE MATCH: WELLESLEY'S INITIAL YEAR

If Wellesley adopts the CPA in November 2002, the Town is eligible for the State Match in October 2003. The amount of this second annual State Match is relatively easy to estimate for two reasons. First, all the communities eligible for the 2002 State Match are currently known, along with their estimated CPA surcharge amounts (see Appendix E, CPA Adopted). Second, a list of 24 communities with pending ballot votes on CPA in 2002 has also been identified, along with their estimated CPA surcharge amounts (see Appendix E, CPA on Upcoming 2002 Ballot Vote).

Communities not currently on the CPA pending list, like Wellesley, may decide to vote on CPA in 2002, and by so doing, become eligible for the State Match in 2003. However, since it is highly unlikely that all voting communities will adopt CPA, one can reasonably compensate for new additions in 2002 by assuming that all 24 communities on the pending ballot list adopt the CPA.

Using this assumption, our estimations show that Wellesley, and all other communities that have adopted the CPA in time to collect the full surcharge by the end of fiscal 2003, would receive a 100% State Match in October 2003. The only circumstance that could substantially alter this estimation is if Boston were to re-consider adoption of the CPA.

Boston's property tax levy is the largest of all municipalities within the Commonwealth, being approximately 5 times greater than the next biggest community. If Boston adopted the CPA, it would significantly reduce the percentage of the first round distribution from the State Match. Last November, Boston voted *not* to adopt the CPA, however, like all communities with a failed election, Boston is free to consider the CPA multiple times.

ESTIMATED CPA STATE MATCH: OVER TIME

Determination of the CPA State Match over time is effected by many complex factors, making estimation of the outcome difficult. These parameters and their dynamics over time include:

- ◆ Changes in the total annual property tax levy within the state
- ◆ Amounts collected in the Massachusetts Community Preservation Trust Fund
- ◆ Adoption of CPA within the Commonwealth, specifically:
 - Adoption rate of communities into CPA and the size of their collective tax levies
 - Combination of CPA surcharge rates
 - Mix of CPA exemptions
 - Portion of the total municipal CPA surcharge amount eligible for all State Matches (i.e., portion contributed from 3% CPA surcharges)
- ◆ Changes in Wellesley's annual property tax levy

All estimation methods require a reasonable amount of data in order to draw a realistic correlation with any degree of certainty. To date, 4 quarters of actual data have been collected relative to the adoption of CPA within the Commonwealth (see Appendix E). This amount of data is insufficient to predict what will happen over time with much certainty. Nevertheless, since it is all that is available, this limited data has been analyzed and used to generate two hypotheses of what may occur based on the assumption that currently observed trends continue over time.

First, a conservative estimation was made that assumed the high rate of initial adoption of the CPA continued into the future. Then, a second estimation was made that assumed adoption of the CPA increased more slowly and tapered off over time. *Neither method accounted for communities re-considering adoption of CPA after having already voted not to adopt it since votes in re-considering communities have not yet occurred.*

Based upon these analyses, the state officials' estimation of a decline in the State Match to 50% within the first 5 years of the program (i.e., by the state distribution in October 2006)

seems reasonable. This does not mean, however, that a 50% match over time is assured, since the actual impact of the parameters above may cause the State Match to be lower or higher. For instance, our analyses indicate that the estimated decline in the State Match may be greater than 50% if either of two scenarios occur:

- ◆ Every community in the Commonwealth considers the CPA and a substantial portion adopt
- ◆ Boston successfully re-considers and votes to adopt the CPA

On the other hand, our analyses suggest that the estimated decline in the State Match may be somewhat less than State officials estimate if:

- ◆ The rate of adoption of the CPA is slow, or
- ◆ The total CPA surcharge amount from the communities is modest.

APPENDIX G

CPA ELIGIBLE ITEMS ON THE TOWN'S 5-YEAR CAPITAL NEEDS PLANNING SCHEDULE

The CPA Study Committee conservatively believes that the capital needs projects set forth below would be eligible, in whole or in part, for CPA funds. Certain other identified capital needs projects of the Town not listed below may also be eligible.

CPA ELIGIBLE FIVE-YEAR CAPITAL NEEDS PLANNING SCHEDULE (Fiscal Years 2003 - 2007 in \$000's)	Dept Need FY03	Dept Need FY04	Dept Need FY05	Dept Need FY06	Dept Need FY07	Dept Need TOTAL
Schedule I: Recurring Annual Capital Needs						
NATURAL RESOURCES						
Public Shade Tree Replacement Program	25.0	25.0	25.0	25.0	25.0	125.0
Fuller Brook Park Plan	54.2	75.0	75.0	75.0	75.0	354.2
Trail Improvements	10.0	16.5	14.0	24.0	10.0	74.5
CPA ELIGIBLE Recurring Capital Needs	89.2	116.5	114.0	124.0	110.0	553.7
Schedule II: Non-Recurring Capital Needs						
BOARD OF SELECTMEN						
Town Hall Grounds Lighting		64.0				64.0
LIBRARY						
Paint/Repair Exterior at Hills			6.0			6.0
Paint/Repair Exterior Cupola at Hills			3.0			3.0
NATURAL RESOURCES						
Ouellet Playground Improvements		40.0				40.0
Warren Park (Fencing, Playground)		60.0				60.0
Phillips Park		40.0				40.0
PLANNING						
Comprehensive Plan Update		10.0	40.0	40.0		90.0
Wellesley Hills	10.0					10.0
Natick Line	10.0	10.0				20.0
State Street & Fells	10.0	10.0				20.0
RECREATION						
Morse's Pond Beach Improvements	49.1	TBD	TBD	TBD	TBD	49.1
PUBLIC WORKS						
Surface Drainage Master Plan Update	100.0					100.0
CPA ELIGIBLE Non-Recurring Capital Needs	179.1	234.0	49.0	40.0	0.0	502.1
Tax Impact Projects Estimated to Exceed \$100,000 in the Aggregate						
BOARD OF SELECTMEN						
Walnut St. Station Repairs (B)	1,400.0					1,400.0
Warren Building Renovations (B)	5,800.0					5,800.0
NATURAL RESOURCES						
Acquire 119 Cliff Road (B)	290.0					290.0
Ouellet Park Improvements	114.9					114.9
State Street Pond Restoration				142.0		142.0
Abbotts Pond Restoration					172.0	172.0
Longfellow Pond Feasibility Study					170.0	170.0
Morses Pond Feasibility Study				250.0		250.0
PUBLIC WORKS						
Field & Playground Improvements	118.5	138.5	94.5	74.5	114.5	540.5
Relight Hunnewell Tennis Courts (B)	150.0					150.0
Install Lights - Reidy Field (B)					110.0	110.0
Tennis Court Repairs/Reconstruction (B)	275.0					275.0
Multi-Use Playing Surface (B)			1,250.0			1,250.0
CPA ELIGIBLE Tax Impact Projects	8,148.4	138.5	1,344.5	466.5	566.5	10,664.4
TOTAL CPA Eligible Capital Needs and Projects						
TOTAL CPA ELIGIBLE Capital Needs and Projects	8,416.7	489.0	1,507.5	630.5	676.5	11,720.2