

Report of the Community Preservation Committee

I. The Community Preservation Process in Wellesley

In 2002, Wellesley accepted the Community Preservation Act (“CPA”) and formed a Community Preservation Committee. Pursuant to the CPA, Wellesley established a surcharge of 1% on the local property tax (taxes on the first \$100,000 of a property’s value are exempt from the surcharge as are taxes on certain low income housing), and began to set aside the proceeds of the surcharge in order to pursue Community Preservation activities, encompassing four purposes -- open space, historic resources, recreational uses and community housing. 100% of this tax surcharge revenue is retained by the Wellesley CPA fund. Funds raised through the local surcharge are “matched” annually by monies from a Massachusetts Community Preservation Trust Fund, which is made up of revenues collected statewide from Land Court and Land Registry fees – there is no segregation of fees collected in particular cities or towns and indeed, the same fees are collected on local real estate transactions whether or not a locality has adopted the CPA.

The State’s payment to each CPA community is determined by a statutory formula, but in practice the State match for the first five years was 100%. Because of sharply declining fee revenues as well as the expansion of the number of localities adopting the CPA, the match declined substantially over the past several years, with the payment received in FY11 reflecting a 27.2% match. Legislation which would set a floor matching percentage of 75% as well as have other advantages never came to a floor vote in the last legislative session. It has been reintroduced as SB82 by Senator Cynthia Creem and co-sponsored by Senator Richard Ross and Representative Alice Peisch. The CPC, the Board of Selectmen, the Historical Commission and the Natural Resources Commission all support the passage of SB82. Without passage of this legislation or a strong recovery in the real estate market, the State matching percentage is expect to remain in a range of 20% to 30%.

In each year, a required minimum of 10% of all revenues collected by a CPA community from its surcharge and from the State match must be expended (or “banked” in dedicated reserves for future use) for each of the statute’s three primary purposes of open space (excluding recreation), community housing and historic resources. The remaining 70% of all Community Preservation funds raised annually by a community which are not so earmarked may be used currently or retained for future appropriation, at the municipality’s discretion, for any of those three primary statutory purposes or for the fourth purpose of recreation.

To date, the Committee has funded a total of 36 projects or portions of projects as detailed on the state CPA project website by picking Wellesley from the list on http://maps.massgis.state.ma.us/cpa_town_pick.htm

\$5,169,854 dollars have been appropriated for these projects. Of this total, \$2,185,500 (42.3%) has been appropriated for Community Housing, \$1,791,750 (34.7%) has been appropriated for Recreation, \$889,344 (17.2%) for Historic Resources and \$303,260 (5.9%) for Open Space.

II. Community Preservation Fund FY11 to FY15 Plan

As part of a broader effort to strengthen the Town Wide Financial Planning process, the CPC in consultation with the Board of Selectmen has created a long range plan reflecting our current expectations of revenues, appropriations, and fund balances.

Wellesley CPA Financial Plan: June 30, 2010 to June 30, 2015

February 15, 2011

REVENUE

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Local Surcharge	\$897,890	\$951,763	\$991,737	\$1,018,514	\$1,051,106
State Match (match %)	\$227,925 27.2%	\$178,226 20.0%	\$188,920 20.0%	\$196,855 20.0%	\$202,170 20.0%
Interest	\$62,959	\$60,070	\$44,915	\$56,283	\$44,964
Total	\$1,188,773	\$1,190,059	\$1,225,572	\$1,271,652	\$1,298,240

Assumptions: No change to State CPA statutes; tax levy increases per Jan312011 TWFP with no overrides; interest rate 0.9%

APPROPRIATIONS

	<u>FY11</u>	<u>FY12⁽¹⁾</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Administrative	\$60,000	\$57,500	\$59,503	\$61,279	\$63,583
WHDC	\$375,000	\$450,000	\$225,000	\$225,000	\$225,000
St. James	\$0	\$3,500,000	\$0	\$0	\$0
Fuller Brook Park	\$250,000	\$765,000	\$0	\$3,600,000	\$0
Electric Substation	\$0	\$500,000	\$0	\$0	\$0
Other Historic	\$57,500	\$0	\$137,500	\$137,500	\$137,500
Other	\$10,000	\$0	\$137,500	\$137,500	\$137,500
Total	\$752,500	\$5,272,500	\$559,503	\$4,161,279	\$563,583
(memo: Debt Service)⁽²⁾				\$567,857	\$546,429

Notes:

(1) FY 12 appropriations for St. James and Electric Substation assumed to occur at a Special Town Meeting. Most of Fuller Brook Park appropriation assumed to be made at a STM

(2) Assumes borrowing of \$3 million on June 30, 2013 at 5.0% interest with 84 month (7 year) level principal repayment beginning July 31, 2013

Wellesley CPA Financial Plan: June 30, 2010 to June 30, 2015

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Balances	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Encumbered	\$1,887,182	\$967,436	\$3,352,990	\$4,551,877	\$3,153,958	\$1,915,704
Specific Reserves	\$1,395,049	\$1,617,549	\$268,893	\$391,450	\$518,615	\$648,439
Undesignated	<u>\$3,713,172</u>	<u>\$4,089,445</u>	<u>\$1,368,658</u>	<u>\$1,310,394</u>	<u>\$1,323,441</u>	<u>\$1,380,517</u>
Total Available	\$5,108,221	\$5,706,994	\$1,637,551	\$1,701,844	\$1,842,056	\$2,028,956
Total Assets	\$6,995,403	\$6,674,431	\$4,990,541	\$6,253,721	\$4,996,014	\$3,944,660
Less Debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,000,000</u>	<u>\$2,571,429</u>	<u>\$2,142,857</u>
Net Funds	\$6,995,403	\$6,674,431	\$4,990,541	\$3,253,721	\$2,424,586	\$1,801,802

The appropriations shown in this plan reflect our support for two major project initiatives – the potential acquisition of the St. James property by the Town for recreation and open space purposes and a town-wide project to rehabilitate and restore Fuller Brook Park – as well as our continuing commitment to community housing through the Wellesley Housing Development Corporation.

The CPC has provided support through our administrative funds for the development of plans for the potential acquisition and development of the St. James property. This process has included extensive public input. More information is available on the St. James Study section of the Town website (http://www.wellesleyma.gov/Pages/WellesleyMA_Planning/St.james/index). The CPC is prepared to recommend to a future Town Meeting the appropriation of \$3.5 million for CPA-eligible portions of this project. This is assumed in the plan to take place at a STM during FY12. Of course, undertaking this project is totally contingent on the Town's negotiation of a mutually satisfactory purchase and sale agreement with the Archdiocese of Boston.

The CPC has also supported through administrative funds and a prior appropriation the development of plans to rehabilitate and restore Fuller Brook Park. Originally created in 1899, Fuller Brook Park is linear, two-and-a-half mile green space paralleling Washington Street along Caroline Brook and Fuller Brook. It is an important historic, open space, environmental and recreational resource, a vital piece of the Town's Trail system and an essential part of the storm water and drainage system. Because the CPC believes firmly that this needs to be a town-wide effort, a Fuller Brook Coordinating Committee was established to manage this planning effort. As Phase 2 of the overall project, the FBPCC conducted an extensive planning process with public input through multiple public meetings. Materials generated through this process (including the final report) are available on the Fuller Brook Park Improvement section of the Town website (http://www.wellesleyma.gov/Pages/WellesleyMA_Fullerbrook/index). The final report calls for a Phase 3 detailed planning and bidding phase with an estimated cost of approximately \$765,000 followed by a \$5.4 million construction phase.

The FY11 to FY15 Plan includes a provision for the \$765,000 Phase 3 in FY12 and for \$3.6 million in construction funding in FY14, with the remaining \$1.8 million projected to come from general funds within the TWFP. Assuming that the St. James project goes forward, \$3 million in borrowing against future CPA revenues is projected to provide sufficient funds for the CPA funded portion of the Fuller Brook Project. Such borrowing has been used by a number of our comparable communities, notably Needham, Weston, and Sudbury, to fund major projects.

As of this time, the Fuller Brook Park Coordinating Committee and the Natural Resource Commission have not agreed on the path forward for this project and the CPC has not yet voted to recommend any appropriation at the 2011 ATM.

The CPC believes that providing affordable housing is important to strengthening and preserving the culture of the Town, as well as being a mandated use of CPA funds. The Wellesley Housing Development Corporation was created through a Special Act of the Legislature at the request of the Town to develop and preserve housing for low and moderate income households in Wellesley. To date, the WHDC has basically been funded through CPA appropriations, although in the future the Town's Inclusionary Zoning provisions are expected to generate additional funds for the WHDC. Recent studies have validated the growing unmet need for affordable housing for both families and seniors. The CPC will continue to support the WHDC and expects the overall level to be at comparable to past support, with appropriations in any particular year based on the pattern of purchase and sale transactions entered into by the WHDC with the approval of the Selectmen.

The Board of Selectmen have advised the CPC that they intend to make an application to use CPA funds for the adaptive reuse of the Town's original electric substation (located at the front of the MLP / DPW lot on Route 9) to house the Wellesley Cable Access Channel. As was reported at the 2010 ATM as an example of the historical inventory process, the Wellesley Historical Commission determined that the substation is a Historic Resource of the Town. The CPC has not made any decision regarding this project which may come forward for a potential STM or the 2012 ATM, but have included a \$500,000 provision in the FY12 plan.

The CPC recognizes that, regrettably, the Town provides less than \$1,000 per year to support historic resource projects through the general operating budget. Consequently, CPA funds have been used in the past to support a significant number of small projects. The Wellesley Historical Commission is currently working to generate long term plans for the preservation and enhancement of the Town's historic resources. The CPC applauds that effort. \$137,500 per year is provided from FY13 onward as a placeholder for one or more new historic resource projects. Similarly, we have provided \$137,500 per year as a placeholder for modest projects for other purposes.

An important element of the FY11 to FY15 plan is that even if the St. James and Fuller Brook projects go forward as projected, a balance of over \$1.5 million in available, unencumbered funds is always maintained to provide for one or more newly identified substantial projects for CPA-eligible purposes – community housing, open space, historic resources, or recreation.

III. Proposed Actions at the 2011 ATM

1. Administrative Funds and Appropriations to Designated Reserves

The Town may appropriate up to 5 % of estimated annual revenues for administrative purposes. The CPC utilizes these funds primarily for consultants and other support to better define, shape, and analyze potential projects. Based on the estimated annual revenues, we request an appropriation of \$57,500 for FY12.

The Community Preservation Act requires each fiscal year the Town to appropriate or reserve for future appropriations a minimum of 10% of the estimated annual revenues for three designated purposes. Based on the estimated FY11 annual revenues, we request the transfer of \$120,000 for each to the Historic Resources, Open Space and Community Housing reserves.

2. Grant to the Wellesley Housing Development Corporation

Sponsor: Wellesley Housing Development Corporation

Description of the Project: Additional capital to invest in the creation or preservation of affordable housing stock.

Recommended Amount: \$450,000

In the summer of 2010, the WHDC was able to purchase 3 units of affordable housing (one single family house and a two family unit). The acquisition, rehabilitation and sale of these units will consume approximately \$665,000 of the available CPA appropriations to the WHDC, leaving an approximate balance of \$185,000 in unexpended CPA funds. The \$450,000 new appropriation will provide a total balance of \$635,000. This will provide sufficient capital for the Town to step in to repurchase an existing affordable unit if one were to come on the market and not be resold within the statutory time limits and to purchase, rehabilitate and sell one new property with comparable cost to either the single family or the two family homes acquired in 2010.

Respectfully Submitted,

Jack Morgan, Chair
Allan Port, Vice-Chair
James Conlin

Joan Gaughan
Robert Goldkamp
Dwight Lueth

Donald McCauley
Stephen Murphy
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February 20, 2011