



COMMUNITY PRESERVATION ACT (CPA) STUDY COMMITTEE

REPORT TO TOWN MEETING, FALL 2005

Executive Summary

The Study Committee recommends, by majority vote, that Fall Town Meeting favorably adopt the Community Preservation Act, which will allow the citizens of Natick to vote on the issue in the Spring of 2006 in a municipal election. Thus, if the Fall 2005 Town Meeting votes to accept the CPA, a majority of voters must then approve the measure before it can take effect.

This report is intended to represent to Natick Town Meeting, Administration and the citizens of Natick as well as various Boards and Committees, the enabling legislation and its history, the Study Committee and its charge, our process and recommendations, rational for or against its adoption, examples of fund investment, and next steps. Above all, we intend to represent our objectivity and balance to Town Meeting allowing for supporting and opposing views to be expressed and debated.

What is CPA?

As of June 2005, 142 communities (out of 351 cities and towns) have held ballot votes to consider adopting the CPA. Of these, 100 have adopted, while 42 have rejected the CPA. In addition, of 24 towns rejecting the CPA at Town Meeting, the CPA was subsequently placed on the ballot by petition and in many cases favorably voted into adoption. Locally, the surrounding communities of Wellesley, Needham, Wayland and Sudbury have adopted CPA.

What is Community Preservation?

The CPA's enabling law, MGL Chapter 44B, Section 2, defines community preservation as "the acquisition, creation and preservation of open space, the creation of community housing, and the preservation of historic structures and landscapes."

What is the Community Preservation Fund?

CPA enables towns to set up a Community Preservation Fund to be used for:

- The acquisition, creation and preservation of open space;
- The acquisition, preservation, rehabilitation and restoration of historic resources;
- The acquisition, creation and preservation of land for recreational use;
- The creation, preservation and support of community housing; and
- The rehabilitation or restoration of open space, land for recreational use and community housing that is acquired or created as provided in this section.

CPA funds do not need to be used in the year they are collected. They can be set aside for future uses. The statute mandates that at least 10% of a community's annual receipts under the CPA be used for open space, 10% for affordable housing, and 10% for historic purposes. A maximum of 5% may be used to cover costs

associated with administering the CPA. Beyond these required disbursements, it is left to the Community Preservation Committee and Town Meeting to decide how much of the remaining 65-70% of the funds they would like to spend on the three purposes identified above or for recreation (ball fields, hiking or biking trails, etc). For example, a municipality could allocate the remaining 70 percent of the annual revenue to one purpose, spread it evenly among all four, or set the funds aside for future spending. Each year, the municipality can modify the spending mix for the remaining 70 percent of the fund.

Where do CPA Funds come from?

Funding for a town's Community Preservation Fund comes from two sources:

- A surcharge on property taxes between ½% and 3%.
- Matching funds from the state according to a formula set forth in MGL Chapter 44B. Since CPA's inception, the state has been matching local contributions at 100%, although this percentage may change as more towns adopt CPA, taking advantage of the fund source. Matching funds are disbursed in October for revenues collected in the previous fiscal year.

State funds for CPA are raised through fees on real estate transactions. Each time a Natick property owner pays recording fees for a home purchase or refinance, he or she is contributing to the state's CPA fund. As of August 15, 2005, Natick residents have contributed approximately \$612,000 to the fund. Presently, the commonwealth has more than \$130 million dollars in the fund, and last year (2004) disbursed approximately \$31 million to the cities and towns that have adopted CPA with 100% matching funds capacity. Some Natick residents will continue to pay into the CPA Funds whether or not the Town adopts the CPA.

Are There Exemptions to the CPA surcharge?

MGL Chapter 44B allows three exemptions, by local option, from the property tax surcharge:

- Property owned and occupied as a domicile by a person who would qualify for low income housing or low or moderate income senior housing.
- \$100,000 of the assessed valuation of Class One, residential parcels.
- Class Three, commercial, and Class Four, industrial, properties in cities or towns with classified (split) tax rate (which Natick does not have).

How does a town adopt the CPA?

A town adopts the CPA by local option. To take effect in Natick, both Town Meeting support and voter approval at a regular municipal or state election are required. An affirmative vote of the CPA article by Town Meeting will put a CPA referendum on the ballot for voters to decide. However, if Town Meeting does not approve the CPA, a citizens' petition can be used to call for such a vote.

Can a town rescind CPA?

Yes. However, once a town adopts the CPA, it must remain in effect for five (5) years. After five (5) years, a town can vote to reject CPA using the same process outlined above.



Can the town change the surcharge percentage?

Yes, the town can increase or decrease the surcharge, from as low as ½% and up to a maximum of 3%, by a vote of Town Meeting and approval by the voters at a regularly scheduled election.

How is CPA Administered?

If the voters accept CPA, the town is required to form a Community Preservation Committee (CPC) to evaluate proposals and make recommendations to Town Meeting for the appropriation of Community Preservation Funds.

There are five (5) statutory members on the CPC, one each from the:

- Conservation Commission;
- Historical Commission;
- Housing Authority;
- Parks and Recreation Commission; and
- Planning Board.

In addition, the town can appoint or elect up to four (4) additional members. These members could include a representative from the Finance Committee, the Board of Selectmen, a local land trust, a historical society, the Chamber of Commerce, or any other individual or entity that would help to represent the interests of the town. If additional appointed members are included in the Community Preservation Committee, the appointing authority is left up to the town to decide.

If Natick adopts CPA, when does it get CPA funds?

The CPA surcharge takes effect at the beginning of the next fiscal year. For example, if the CPA is approved by the voters in the spring 2006 elections, then the surcharge would commence July 1, 2006. Once the surcharge is on the tax bills, Town Meeting may appropriate that revenue for CPA projects. The state matching funds are not disbursed until October 15, 2007 and are based on the CPA revenues the town collected in the previous fiscal year.

Who pays for the administrative costs associated with CPA?

The state law permits up to 5% of CPA funds to be used for administrative costs associated with the Community Preservation Committee. Administrative appropriations, like any other CPA appropriation, would require the vote of Town Meeting. These costs would not come from the general town budget.

The Study Committee and its Charge

At the Spring 2005 Town Meeting, members voted to establish a CPA Study Committee to review and recommend to the Fall 2005 Annual Town Meeting a course of action regarding the Community Preservation Act, such committee to include between ten and twelve citizens appointed by the Town Moderator with terms to end October 31, 2005, including one each nominated by the:

Natick Housing Authority;

Council on Aging;

School Committee;



Historical Commission;
 Recreation and Parks Commission;
 Open Space Committee;
 Conservation Commission;
 Planning Board;
 Finance Committee;
 Board of Selectmen;
 Board of Assessors; and
 Youth Advisory Board;

and up to two at-large members, with consideration given to at least one Natick business owner.

The CPA Study Committee will provide a report to be distributed to Town Meeting Members and to the Town Administrator on the suitability of the Community Preservation Act for Natick, including potential implications for capital and operating budgets.

Members of the Study Committee are as follows:

Name	Nominated by
Ed Santos	Housing Authority
Michael P. Cashman	School Committee
Stephen N. Evers	Historical Commission
Fred E. Witte	Recreation and Parks Commission
Victoria S. Masotta	Open Space Advisory Committee
Jason P. Makovsky	Conservation Commission
Wilson E. Idzal	Finance Committee
John J. Connolly	Board of Selectmen
Sarah Leonard	Youth Advisory Board
Cathleen M. Collins	At-Large
Nanci S. Farquharson	At-Large
William H. Grogan	At-Large
Sara R. Hanna	At-Large
Laurence Julien Lafleur	At-Large

In addition, the informal inclusion of Andrew Meyer from the Planning Board (appointed after deadline) provided input from that Board. The Council on Aging and Board of Assessors did not appoint members, and given the lack of appointed members, at-large members number 5. The at-large members do not include a representative of Natick’s business community.



Process to Date

The CPA Study Committee began its work on June 1st and has met approximately once a week, with the exception of allowances for vacation, throughout the summer. Our process has been deliberate and highly informative, allowing for healthy examination of the legislation and consideration of its appropriateness for Natick. The following outlines our steps and procedures leading to this report and recommendations:

- 1) Examined and reviewed the Massachusetts CPA enabling legislation;
- 2) Reviewed what other and nearby communities have done, reasons for either adopting or rejecting the CPA, and type of investment projects if adopted;
- 3) Developed an understanding of Natick's various boards' and committees' policies and goals related to the preservation of the Town's character in terms of
 - Open space, Conservation;
 - Affordable Housing;
 - Historic Preservation; and
 - Recreation;
- 4) Made a comprehensive list of potential capital investment projects and reviewed them with the Town Administrator to determine appropriateness in supplementing or exceeding Natick's on-going Capital Plan;
- 5) Held a Public Hearing for information and comment; and
- 6) Voted upon a final recommendation and prepared a report of findings to support such position.

Examples of Fund Investments

Open Space

The current Open Space fund is woefully inadequate for acquiring land given the current value of developable lots. In addition, Town Administration consistently targets Open Space funds for operating costs or upgrading of existing town-owned recreational sites. This has forced the Open Space Committee to carefully prioritize land that could become available, and to be very discriminating when opportunities arise. The CPA would provide far greater opportunity and leverage to pro-actively acquire "high priority" parcels.

Preserving Open Space is also supportive of "smart growth" planning initiatives, focusing development that not only accommodates land and character preservation, but also utilizes public transportation and other existing infrastructure, thereby cutting down on pollution, traffic and the use of limited resources. Also, many projects can overlap with historic preservation and affordable housing and coordinate funding resources to maximize community benefit.

Another brief analysis considers the cost stabilization of acquiring open space. Of 213 zoneable residential parcels in Natick, property taxes for a +/- \$700,000 average development cost per home would be approximately \$7,900 per year. Disregarding other service costs for fire, police, and DPW budget increases, a single student in school currently costs Natick \$7,790, virtually wiping out any disadvantage to open space acquisition.



Approximately 2,808 acres of the town remains open space today, 29% of Natick's land area. Of that total, 58% is protected and 42% lacks permanent protection. Significant parcels have been identified and prioritized. Some examples are:

- Lookout Farm: 60 developable acres
- National Guard Depot on Speen Street
- CSX Saxonville Branch (crossover as recreational use)
- An extensive quantity of privately held parcels ranging from 12 to 65 acres each
- MetroWest Medical Center (wooded areas)

Recreation

Closely allied with open space protection and acquisition are the goals of the Parks and Recreation Commission to stabilize and improve access to public land and use amenities. Many programs would seek to reduce maintenance costs by improvement in the quality of field construction. Examples of projects that could be given consideration are:

- Renovation of high school facilities including multi-turfed fields
- "Gravel Pit" park development
- South Natick Dam Park restoration
- Replace Lincoln Athletic field if evicted by Senior Center development
- Stabilization and restoration of the Town Common pathways and vegetation
- Tree planting programs
- Renovations of several recreational components:
 - Beach play areas
 - Parking lots
 - Lighting systems
 - Irrigation and Drainage systems

Affordable Housing

The CPA provides leverage and capital in negotiating projects in both the public and private sectors to an economically diverse local population. It is to such diversity that Natick owes its roots, and to date the Town has had only limited success in providing sufficient housing for our working and senior community members. In fact, we are being forced into litigious development conditions, costing tens of thousands of dollars in opposition of so-called "hostile 40B" proposals rather than embracing a pro-active stance toward meeting our obligations. With the CPA, accompanied by exclusions for low income as well as low and moderate income senior populations, we can re-affirm our commitment to diversified housing options to the citizens of Natick. There is a tremendous opportunity presented by CPA to couple with its other initiatives in Historic Preservation and Open Space as well as initiating cooperation in private sector housing development. Some basic project examples include:



- Low interest loans for qualified first time home buyers
- Purchase moderately priced homes, refurbish with deed restrictions insuring affordability as “income restricted housing”
- Rebuild Cedar Gardens for more density
- Subsidize/underwrite the costs to build units negotiated with developers
- Eliot School or other town owned structure redevelopment

Several communities have been extremely creative in the use of funds toward affordable housing, funding both small and relatively inexpensive projects as well as leverage toward important large scale development programs. Included for your reference is Attachment B, listing examples over the last four years.

Historic Preservation:

Historic Preservation in Massachusetts has been under-funded for several years due to the lack of grant and matching monies for project development. There are two categories of need for which the CPA can provide meaningful assistance:

- Study and Documentation, and
- Capital Improvements.

Study and Documentation

A recent anonymous gift was given to the Town to be used for Historical Commission survey, markers and archiving of research materials. This is both the beginning of a new era and an opportunity to further protect our vast assets. When our survey work is complete, additional historic designation of some of our most prestigious areas can provide protection as well as incentive for preservation activity. There are several state and federal mandates that would protect such areas from adverse development. Some examples and identifiable projects that support existing policy planning and increased historical awareness of the Natick Historical Commission are as follows:

- Historical markers/plaques;
- Conservation of historical records, digital/electronic research availability;
- Upgrade and preserve Veteran’s memorial squares;
- Restoration of colonial mile markers; and
- Creation of a “history time line” mural in a public building.

Capital Improvements

Capital improvements help ensure that town-owned historic resources are not lost due to deferred maintenance and neglect. Potential preservation projects include:

- Inventory, repair and long-range maintenance plans for four Early Settlement and Colonial-period cemeteries, located at North Natick, South Natick, West Natick and Natick Center



- Preservation/adaptive reuse of Johnson School
- Restoration of Civil War Memorial on Town Common
- Structural repair of stone work on Eliot Bridge, South Natick
- Continued stabilization of Wilson Shoe Shop, West Natick and restoration of the Memorial Park
- Continued preservation of Eliot School Building in South Natick, adaptive re-use if tenant leaves
- Should “eminent domain” infrastructure projects effect historic properties, funding for relocation and restoration.

Coupling of historic preservation projects with affordable housing and open space initiatives

Recommendations and Conclusions

The following sections present the recommendations and conclusions of the majority (10 of 14 members) and minority (4 of 14 members) of the CPA Study Committee.

Majority Recommendations

The majority of the Study Committee recommends its adoption with specific conditions, subject to deliberation by Town Meeting. We believe the CPA will make Natick a more desirable place to live with minimal household/property owner investment and support both statewide CPA principles and existing Town policies and goals. In summary, we believe adoption of the CPA will allow the citizens of Natick:

- To protect Natick’s unique character, quality of life and natural and built resources...
- To better plan for development and re-development without damage to natural resources or strain on Town budgets and capital resources...
- To preserve open spaces and natural resources, including forests and farms as part of a long-term economic strategy...
- To promote new economic development techniques that consider physical and ecological limitations of our natural resources...
- To encourage zoning patterns and incentives that encourage development that is less consumptive of land

Interestingly, it is noted that new community zoning legislation is sweeping the country that emulates historic New England town evolution and growth patterns that discourage sprawl and encourage “smart growth” planning principles. The towns of Seaside and Celebration, Florida are well known and studied examples. Natick is at the forefront of such pro-active planning with the recently adopted Housing Overlay Option Plan (HOOP) District downtown, and the CPA will underscore our ability to act upon such opportunity.

We recommend adoption of a one percent surcharge on the local property tax with certain exemptions and the formation of an up to nine (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 five-year period.



The Study Committee also recommends the adoption of the following exemptions:

- **The first \$100,000 of assessed value of each taxable residential property**
- **Low income households and low and moderate income households for seniors 60 years or older (upon acceptance of completed applications).**

To the extent current taxpayers receive an exemption of real property authorized by Massachusetts General Laws Chapter 59, they are also exempt from the surcharge by the CPA. Since Natick does not presently have a split tax rate, we are unable to recommend an exemption for business as would otherwise be allowed.

The Study Committee majority vote recommends adoption for the following compelling reasons:

- CPA principles and example projects support existing policies, goals and identified needs of various Boards and Committees.
- Projects that could not be otherwise funded by routine and planned, capital expenditure or development mitigation funds that benefit our community as a whole can be initiated, as well as jump start planned capital projects.
- The funding process will be well coordinated with other town budgets and capital planning efforts and will be reviewed by appropriate town agents and boards for financial and operational impact before being presented to Town Meeting annually.
- Many Natick taxpayers have been contributing to the state-wide funding source for years without reaping benefit. To wait longer prior to adoption could miss opportunities for matching funds should they be depleted in the future.
- Our recommendation should not present an unreasonable financial burden to property owners, estimated at approximately \$30 per average homeowner, and exemptions protect low-income and low and moderate senior residents (see calculations on Attachment A).
- Natick is historically rich and physically beautiful. Both long-time residents and new property owners live here for those reasons, which can be maintained and enhanced by the CPA adoption, including means to support a social responsibility to affordable living.

Implications for Capital and Operating Budgets

Additionally, there are positive implications for capital and operating budgets if Natick adopts the CPA. Funds generated by the levy for funding the CPA may eliminate or reduce expenditures currently budgeted by the operating departments of the Town. In addition, certain items on the Capital Plan may be qualified for CPA funding, thereby reducing the need for funding from general revenues or debt exclusions. At this time, however, it is not possible to determine the extent or amount of these reductions as we do not know what items would be included in future budgets or Capital plans, nor do we know what specific projects would be proposed by the Community Preservation Committee and approved by Town Meeting.

Conversely, future CPA projects may require expenditures for maintenance or other expenses not covered by CPA funds that would have to be added to operating budgets and covered by general revenues. Again, we cannot determine the amount or extent at this time of these additional expenses.

In review of other communities use of the CPA for projects similar to how Natick could use funds, the CPA has provided considerable leverage seed capital to win grants from Federal, State and private sources.



Examples of projects that span Open Space, Community Housing and Historic preservation demonstrate that ability in the following table:

Town	Project	CPA \$	Other \$
Peabody	Rail-trail	\$162,000	\$1.36 million federal grant
Braintree	Town trails	\$3,000	\$15,000 from state
Bedford	Archeological survey	\$10,000	\$15,000 from Mass. Historical Commission (MHC)
Easthampton	Restore Town Hall	\$50,000	\$50,000 from MHC
Newton	Elderly housing	\$850,000	\$3.167 million from HUD
Grafton	Hassanamesitt Village – open space/historic preservation	\$250,000	\$1.85 million from state, federal and private sources
Hampden	166 acres open space	\$100,000	\$400,000 from state and private sources

In our review of potential projects with the Town Administrator, there are several areas that CPA funds could supplement capital for identified needs and be used as a catalyst for implementation when carefully planned and coordinated. The surcharge funds and their matching grants can, when appropriated to budgeted capital projects, actually reduce the tax burden on property owners as in the representative case of Middleton:

Middleton Example:	Without CPA	With CPA
Town Budget	\$13,233,914	\$13,233,914
Less state match	\$0	(\$100,255)
Total tax levy	\$13,233,914	\$13,133,659
Resulting Tax Rate	\$10.58	\$10.42
Ave Household Tax Bill	\$4,525	\$4,456
CPA Surcharge	\$0	\$34.14
Total Tax Paid	\$4,524.71	\$4,490.42
SAVINGS		\$34.28

It would be the responsibility of the Community Preservation Committee to evaluate proposed projects and measure the effect on Town budgets and Capital plans prior to their presentation to Town Meeting. It will be imperative to meet with respective Town Boards, Committees, Departments, Administration and the Finance Committee to assure projects are in balance with budgets.



Majority Conclusion

The CPA, while requiring a minimal yearly investment for at least five years by each of our property owners, is an opportunity to protect and enhance the environment where we live and work in ways that by normal capital and operating budgets, will be extremely difficult to achieve. Should we try to control our future with an active and able open space plan or watch our woods and passive recreation areas succumb to continued development, imposing costly demands on our environs, infrastructure and services? Are we proud and protective of our heritage or will the historic landscape, especially those areas that honor our forbears, remain in disrepair? Can we actively preserve our unique architectural heritage, or will the character of our town transform through sprawl and misuse of resources? Do we want to spend another five years in court, wasting our tax dollars fighting poorly conceived 40B housing projects or do we want to intentionally design our housing mix for a well-balanced and pro-active stand on meeting the community's need for affordable housing?

We have already made a major contribution to the State Community Preservation Fund without a single cent in benefit. We must act now to ensure a return on that investment. If we do not pass this initiative, our attention will be focused on other significant capital needs and while we are diverted, our town's character will forever be changed and our ability to control our future will be diminished. But, whatever the merits and imperatives, we believe the taxpayers need to make this choice and we therefore recommend that Town Meeting debate and ultimately support this initiative to let the voters decide by referendum vote if the CPA, as passed by Town Meeting, is in Natick's best interest.

The examples that have been represented in this report are not conclusive. The projects that will be considered by a Community Preservation Committee and Town Meeting will be the result of creative planning by town government and our citizens. The CPA can supplement our access to other funding sources and become a valuable asset to planning capital needs. With a potential need for extensive capital projects on the horizon in Natick, not adopting the CPA will reduce our ability to meet our community goals. The "what if" scenarios that are likely without adopting CPA are:

- More capital to be raised through higher taxes.
- Open space will be developed, burdening our ecology, infrastructure and services and requiring mitigation costs to be incurred.
- Affordable housing will be forced upon our neighborhoods, not planned for.
- Historical structures, monuments, parks and recreation facilities, especially those municipally owned, will continue to deteriorate and cost more to stabilize and restore in the future.

Minority Recommendations

The minority of the Study Committee recommends CPA **NOT** be adopted in the town of Natick. We believe the CPA will be an unnecessary tax burden for many citizens without providing commensurate benefits as expected by the majority of this committee. In summary we believe CPA:

- Will not protect Natick's unique character, quality of life, or natural and built resources...
- Will not provide a better plan for development and re-development ...



- Does not provide a long-term economic strategy for preserving open spaces and natural resources, including forests and farms...
- Will not help encourage development that is less consumptive of land...
- Will not correct the town's affordable housing deficit...
- Will increase all residential and business owners' annual tax bill...
- Will likely increase the town's operating budget...

We, the minority, recommend AGAINST adoption of any CPA surcharge (tax) on the property owners in Natick.

The minority has identified the following arguments against the adoption of the CPA:

- The CPA surcharge places an unnecessary burden on our property owners. Many taxpayers recently faced enormous tax increases due to the recent re-assessment of all properties; in addition, athletic fees, busing fees, and the "pay-as-you-throw" trash fee have further encumbered individuals' limited finances. We believe this increase (no matter how large or small) is a pointless levy.
- Natick faces other overwhelming capital needs (currently proposed at nearly \$139 million within the next five years) that may require debt-exclusions and/or Proposition 2½ over-rides. These needs include the re-development of school facilities (High School and/or Memorial School) for the growing student population and a senior and/or senior-community center (currently being studied by another committee). Any CPA tax would be calculated *on top of* any voter supported tax over-ride(s).
- Not all Natick taxpayers have contributed to the commonwealth's CPA trust fund. Only those taxpayers who have purchased, refinanced or have had a municipal lien placed on their residence since December 13, 2000, have contributed, at most, \$20.00 to this fund. In order for the town of Natick to receive any funds from the state CPA Trust Fund, EVERY Natick taxpayer would have to pay this additional tax.
- Natick is historically rich and physically beautiful. Both long-time residents and new property owners have chosen, in part, to live here for those reasons. However, although CPA's principles and example projects support existing policies and goals of the various boards and committees, the estimated funding provided is insufficient to accomplish the desires of the Open Space Committee, Historical Commission and the Housing Authority, in addition to the requests made by the Parks and Recreation Commission. For example, even assuming that the town receives the maximum estimated funds and that all unrestricted funds are allocated to the purchase of open space, Natick would not be able to purchase more than three acres of land per year at current rates of \$250,000 to \$300,000 per acre.
- Although the state has been able to match 100% of participating towns' CPA revenue, the amount of money available from the fund depends on the amount of money raised by other cities and towns participating in the CPA program, as well as the health of the real estate and re-finance markets. As more cities and towns adopt the CPA, the amount of money in the CPA trust fund will not increase. Therefore the matching funds Natick would receive is likely to drop. If a large municipality (e.g., Boston, Worcester or Springfield) adopts the CPA, Natick's matching revenue from the state will drop substantially. In addition, as interest rates rise, the number of home refinances is likely to drop and, according to most experts, the real-estate market in the greater Boston area is likely to cool off. This, too, will reduce the amount of money available for matching funds. The Massachusetts Department of



Revenue (DOR) estimates that beginning in 2006, for the first time, the amount of money paid out to participating cities and towns will exceed the amount collected through recording fees. Furthermore, the DOR believes that this trend will begin to limit the rate cities and towns should expect from the state match process.

Figure 1

If Natick adopts a 1% CPA tax as proposed:

ESTIMATED MAXIMUM collected from Natick taxpayers (Note 1)	ABSOLUTE MAXIMUM amount of money available to Natick (Note 3)	ESTIMATED MAXIMUM amount of money available to Natick (Note 4)
\$ 459,009 (Note 2)	\$ 918,018 (Note 3)	\$ 688,514 (Note 4)

Note 1: All estimates are per year based on information in Appendix A

Note 2: Total from Appendix A. Assumes no taxpayers receive low income, low/moderate senior income or Section 59 exemptions.

Note 3: Assumes 100% state match and no taxpayers receive low income, low/moderate senior income, or Section 59 exemptions.

Note 4: Assumes 50% state match and no taxpayers receive low income, low/moderate senior income or Section 59 exemptions.

The only ways to increase the numbers above are:

- 1) Increase the CPA tax rate above the proposed 1%.
- 2) Increase the total assessed value of taxable property either through a revaluation or by supplementing the number of residences and businesses located in Natick.
- 3) Increase the tax rate through a debt exclusion and/or a Proposition 2 ½ override.
- 4) Eliminate one or both proposed CPA exemptions (the provision for Section 59 exemptions is statutory).

On the other hand, the proposed CPA tax will not provide a panacea that will allow Natick to fulfill all of its wishes. Under the scenario above, the CPA statute requires the following mandatory minimum allocations:

<u>Purpose</u>	<u>With 100% state match</u>	<u>With 50% state match</u>
Open Space	\$ 91,802	\$ 68,851
Affordable Housing	\$ 91,802	\$ 68,851
Historic Preservation	\$ 91,802	\$ 68,851
Potential additional allocation for administrative costs	\$ 45,901	\$ 34,426
Remaining balance	\$ 596,711	\$ 447,535

- In the past, the Commonwealth has raided funds similar to the CPA trust fund to deal with other financial crises. For example, monies collected for the issuance of veteran's license plates were supposed to be reserved for the support of veteran retirement homes but have since been co-opted. Natick, therefore, has no guarantee of any future matching grant monies. The Romney administration has already proposed one such action to balance the fiscal 2006 budget.



- Projects that benefit our community as a whole should be funded directly rather than through a special interest tax levy. If the proposed projects are worth pursuing, then they are worth pursuing consciously and deliberately through the normal budgeting process.
- Developers have been trying to work with the town of Natick for several years, proposing developments that would increase the affordable housing stock and bring us closer to the state mandated 10% minimum required total units. During this time, the town has entered into three lawsuits against the developers. Adopting the CPA does not solve the disputes with the developers willing to work in this town to help us meet our affordable housing shortage. The town has already spent tens of thousands of tax dollars in litigation and we believe CPA money would not solve this issue.
- Currently, the developers trying build affordable housing within Natick do not require monies from the town to complete their developments. In addition, the HOOP districts were designed to further encourage this type of development. Why should the town's taxpayers start to pay for affordable housing when there are other means available?
- CPA monies can only be used for the purchase of land, preservation of historic buildings or landmarks, creation of recreational facilities or to allow citizens to acquire or the town to build affordable housing. CPA funds cannot be used for the maintenance of these new and/or restored lands and buildings. Depending on the details of a transaction, any associated maintenance costs may result in an increase to the town's annual operating budget.
- The majority opinion has argued that the CPA will provide funds that could then be leveraged to gain additional monies through grants. However, other funds could also be used in this way. For example, the Conservation Commission will receive approximately \$4 million in mitigation funds from the Natick Mall expansion that could be leveraged to acquire open space valued in excess of the \$4 million without asking Natick's taxpayers to provide even more monies through a CPA surcharge.
- As previously mentioned, there are currently a total of 2,808 acres of open space in Natick. The 1,179 acres (42%) that are not permanently protected include School Department properties and associated playing fields. While it is possible that this land could be developed, we believe that it is disingenuous to argue that these playing fields are at any significant risk of disappearing as open spaces.
- The CPA allows for the use of CPA monies to restore and preserve historic properties regardless of whether they are publicly or privately owned. Thus, it is possible that CPA monies, collected in part as the result of levying a tax on all Natick property owners, could, legally be used to preserve a privately owned historic property.
- There are two basic problems with the Middleton example presented earlier. First, it assumes a 100% state match which, as discussed, is unlikely to continue for long. If the state match were estimated at 50%, which we believe is more reasonable, the average taxpayer will pay \$17.32 more because of CPA than he or she would have without it (below). Second, and perhaps more importantly, it assumes that the monies received from the state match can be used to reduce the town budget. This assumption only holds if CPA eligible expenses totaling this amount would have otherwise been funded through the normal tax levy.



Middleton Example Revisited	Without CPA	With CPA (100% match)	With CPA (50% match)
Town Budget	\$13,233,914	\$13,233,914	\$13,233,914
Less state match	\$0	(\$100,255)	(\$50,128)
Total tax levy	\$13,233,914	\$13,133,659	\$13,183,786
Resulting Tax Rate	\$10.58	\$10.42	\$ 10.54
Avg. Household Tax Bill	\$4,525	\$4,456	\$4,507.89
CPA Surcharge	\$0	\$34.14	\$34.14
Total Tax Paid	\$4,524.71	\$4,490.42	\$4,542.03
SAVINGS		\$34.28	
ADDITIONAL TAX			\$17.32

Conclusion of the Minority

While the goals of increasing open space and affordable housing and preserving historic properties are laudable, we disagree that adoption of the Community Preservation Act is the proper way to accomplish these goals. Furthermore, we believe that a vote **AGAINST** adopting the CPA in Natick is the only fiscally responsible action at this time, particularly given the significant pending capital needs of various town departments. The CPA would be a financial burden for many and an additional and unnecessary expense for all. The CPA Study Committee has reviewed what other towns have done with the CPA and the needs of Natick at this time do not compare. None of the boards or commissions who could prosper through CPA funding has shown us a real need for this additional tax. Many of the projects discussed in this committee could, in fact, increase the town's maintenance or repair budget. Thus preserving open spaces and historic assets or creating affordable housing through CPA may create a fiscal liability, and is not a sound, long-term economic strategy.

As previously stated, we do not believe that Natick's tax payers should not be burdened by lack of affordable housing when there are developers willing to pay these costs. There have been several developers trying to work with Natick to increase the town's affordable housing inventory yet the town has continuously landed in court over this issue. At this time, the town is involved in three lawsuits dealing with affordable housing, spending tens—if not hundreds—of thousands of taxpayer dollars on legal fees. By not going to court, the town could have used these funds to achieve some of the goals of the CPA while simultaneously increasing our affordable housing by at least a few percentage points. These frivolous lawsuits (in one case, the Natick Housing Authority has filed a brief against the position taken by the town) demonstrate that lack of money is not the issue, so having the town spend more money through the CPA will not increase the affordable housing inventory.

Additionally, a representative of the Planning Board commented during our review that the focus of the Planning Board on the acquisition of open space and the creation of affordable housing would not change whether or not the CPA is adopted. In a meeting with the CPA Study Committee the Town Administrator stated that he believed that the most useful goal for CPA monies would be the acquisition of open space. Again, the Conservation Commission is about to get approximately \$4 million in mitigation funds from the



new mall project, which is the equivalent of nearly five years of funds from the CPA. Why should taxpayers pay additional monies?

In reference to the Historical Commission, we believe there are ways to get some of the work done through volunteers, grants, and donations. People care about this town and there are many individuals and businesses that will help with what needs to be done for preservation. The most important project, inventorying historic sites, has already received funding from an anonymous source. Once the inventory is complete, the Historical Commission should look to the town and its people to restore and preserve some of the sites that make it unique. Town Meeting may appropriate some funding to cover the costs of some projects but this should be done through the normal budgeting procedures followed by all town departments rather than through a special interest tax on the property owners of Natick.

While it is true that 100 of 351 of Massachusetts' cities and towns have adopted the CPA, only 11 of the 50 largest cities and towns have done so (Natick is ranked number 48 in Massachusetts). Thus 80% of Natick's peer group has not adopted CPA and, in fact, 7 of the cities and towns in this group have specifically voted to not adopt CPA. Although it would be nice to think that adopting the CPA would protect Natick's unique character and quality of life, we believe that this simply isn't true. Natick faces numerous difficult financial choices in the near future and we should not ask our citizens to accept an unnecessary tax when the benefits do not clearly outweigh the costs. If the proposed projects are worth pursuing, then they are worth pursuing consciously and deliberately through the normal budgeting process. We ask that you vote **AGAINST** the proposal to adopt the CPA in Natick.



Attachment A

COMMUNITY PRESERVATION ACT (CPA) STUDY COMMITTEE
 REPORT TO TOWN MEETING - FALL 2005
 CALCULATION OF THE CPA TAX EFFECT ON NATICK TAXPAYERS

CALCULATION OF THE CPA TAX EFFECT ON RESIDENTIAL PROPERTIES

	NUMBER OF RESIDENTIAL PROPERTIES	ASSESSED VALUE (in dollars)
TOTAL	12,067	4,307,798,200
LESS:		
PROPERTIES VALUED AT LESS THAN \$100,000	723	11,742,500
NET	11,344	4,296,055,700
LESS: EXCLUSION (1)		1,134,400,000
NET SUBJECT TO CPA		3,161,655,700
REAL ESTATE TAX RATE (per \$1000 VALUE)		10.60
RESIDENTIAL CPA BASE		33,513,550
AVERAGE CPA BASE per PROPERTY (2)		2,954

(1) Net number residential properties x \$100,000

(2) CPA tax base / net number residential properties

CALCULATION OF THE CPA TAX EFFECT ON COMMERCIAL AND INDUSTRIAL PROPERTIES (3)

TOTAL ASSESSED VALUE	\$ 1,168,614,200
TAX RATE (per \$1000 VALUE)(4)	\$ 10.60
C&I CPA BASE	\$ 12,387,308
NUMBER OF C&I PROPERTIES	633
AVERAGE CPA BASE per PROPERTY	\$ 19,569

(3) C&I properties do not qualify for the \$100,000 exemption

(4) Natick does not have a split tax rate

SUMMARY (in dollars)

	RESIDENTIAL	C&I	TOTAL
<u>TOTAL CPA BASE</u>	33,513,550	12,387,308	45,900,858
<u>ANNUAL CPA SURCHARGE EFFECT</u>	TOTAL ESTIMATED MAXIMUM COLLECTION	AVERAGE CPA TAX PER RESIDENTIAL TAXPAYER	AVERAGE CPA TAX PER COMM. & IND. TAXPAYER
<u>SURCHARGE RATE</u>			
CPA TAX @ 0.5%	229,505	14.77	97.85
CPA TAX @ 1.0%	459,009	29.54	195.69
CPA TAX @ 1.5%	688,514	44.31	293.54
CPA TAX @ 2.0%	918,018	59.28	391.38
CPA TAX @ 2.5%	1,147,613	74.05	489.23
CPA TAX @ 3.0%	1,377,012	88.62	587.07

Note: Calculations do not include effects of low or low/moderate senior income or Section 59 exemptions as it is impossible to predict in advance how many individuals will qualify for the exemptions.

Attachment B

Affordable Housing Projects Completed with CPA Funds, 2002-2005

Town	Year	Amount	Use
Holliston	2002	\$2500	For lead paint analysis of the Andrew School to look at it as a possible site for senior housing.
Nantucket	2002	\$35,000	A project with Habitat for Humanity to build 8 houses using CPA funds, donations from the community, and 350 hours of labor from each home recipient. The project has a five-year horizon and it is expected that this level of funding will be provided by the CPC for each of the five years.
Chilmark	2002	\$40,000	\$40K to pay difference between affordable rent and market rates for 5-6 families
Hopkinton	2002	\$40,000	CPA funds were used to move a house donated by EMC Corp. to town-owned land, where it was converted into a unit of affordable housing.
Hingham	2003	\$6500	For Habitat for Humanity to install a driveway, waterline, and utilities at the site of a proposed affordable home.
Georgetown	2003	\$10,000	A grant to Rebuilding Together, a volunteer organization, to preserve and revitalize houses in Georgetown to assure that low-income homeowners, particularly those who are elderly, disabled or families with children, live in warmth, safety and independence.
Nantucket	2003	\$50,000	Funding for down payment assistance and gap financing for affordable home buyers that are year-round residents.
Norfolk	2003	\$100,000	For a down payment assistance program to be offered to qualifying applicants after July 1, 2003. It is aimed at Norfolk residents, their parents and children and town employees, teachers, etc. The appropriation should be able to help about 5 applicants. The houses purchased will become permanently affordable through a deed restriction.
Lincoln	2003	\$150,000	To subsidize the difference between the market and affordable price of a condo (to "buy-down" the condo).
Ayer	2003	\$199,661	To install an elevator in a Housing Authority building.
Newton	2003	\$378,000	To help the Newton non-profit, CAN-DO write-down the purchase price of three market rate units in 2 new duplexes at 90 Christina Street from an estimated sale price of \$425,000 to \$300,000. The funds would be granted as a deferred loan to the buyer of each of the three units. The project would convert all of the market rate units to community housing for moderate-income households. To qualify for the subsidy, the buyer must be a full-time employ of the City of Newton with a household income at or below 100% area median income.
Easton	2004	\$25,000	Partial funding for construction of a four-unit group home that would serve adults with autism, pervasive developmental disorder and mental retardation.
Wellesley	2004	\$65,000	To the Charles River Association for Retarded Citizens to assist with the cost of purchase and rehabilitation of a 4 unit group home at 4 Marshall Road.
Chatham	2005	\$17,300	Funding to help complete two homes being built by Habitat for Humanity.
Braintree	2005	\$36,069	To the Housing Authority for accessibility improvements to their affordable housing units.
Rockport	2005	\$40,000	For a rental and mortgage assistance program.
Nantucket	2005	\$50,000	Assistance to Habitat for Humanity for construction of one or more affordable houses.
Nantucket	2005	\$50,000	To the Interfaith Council's housing and rental assistance program
Cohasset	2005	\$80,000	For improvements to an elderly affordable housing complex, including new locks and appliances.
Wellesley	2005	\$80,000	To the Charles River Association for Retarded Citizens to complete the funding for the creation of four affordable housing units for persons with mental retardation within the existing house at 4 Marshall Road, Wellesley, funds to be released upon the advance of mortgage financing.
Chatham	2005	\$100,000	To the Chatham Housing Authority for a rental voucher program.

Town	Year	Amount	Use
Bedford	2005	\$120,000	For a pilot of the ECHO Program through which a low-income homeowner would receive a \$50,000 payment in exchange for signing an affordability deed restriction on their house, which would remain in place in perpetuity. Funds would cover two houses, including legal costs.
Nantucket	2005	\$120,000	For down payment assistance and gap financials through the Nantucket Housing Office.
Acton	2005	\$200,000	To purchase two condominium units in Acton for deed-restricted affordable rental housing for families
Lincoln	2005	\$239,500	To construct a two-family affordable home.
Chatham	2005	\$300,000	Funding to The Community Builders, Inc., a non-profit company developing a 50-unit affordable housing development on Lake Street. This contribution will allow the town to qualify for other state matching funds. The development will include 47 affordable rental units and 3 affordable homes.
Stow	2005	\$350,000	Financial assistance to the Pilot Grove Apartments to preserve the affordability restrictions on 37 apartments that are at risk due to expiring restrictions.
Chatham	2005	\$2,000,000	To convert the historic Main Street School into a community center. Includes \$500,000 in cash and a 5-year bond for \$1.5 million.

Source: www.communitypreservation.org. Accessed September 8, 2005.