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TO: Eileen Donoghue, City Manager *EMD*
FROM: R. Eric Slagle, Director of Development Services
DATE: February 28, 2019
RE: Motion by C. Nuon - Req. City Mgr. Work With Middlesex North Register Of Deeds, Richard Howe, Jr., To Compile A Report Regarding Amount Of Money Paid To The Community Preservation Acts (CPA) By Lowell Residents.

This memorandum addresses the request from Councilor Nuon regarding the Community Preservation Act.

The Community Preservation Act (CPA) was signed into law in 2000 as a tool to assist communities in preserving open space and historic sites, creating affordable housing, and developing outdoor recreational facilities. To date, 175 of the Commonwealth's cities and towns have adopted the CPA with just over \$2.1 billion raised in funding statewide.

The CPA requires that communities spend, or set aside for future spending, a minimum of 10% of their annual CPA revenues for each of the three following categories: open space/recreation, historic preservation, and community housing. The remaining 70% of the funds are undesignated, and can be used for any allowable project in any of the CPA categories.

Funding for the CPA comes from two sources. The first is a surcharge on local property taxes of one (1), two (2), or three (3) percent. The second is from a state match from the Community Preservation Trust fund whose source of funds is surcharges on documents filed at the Registry of Deeds. It must be noted that since 2001, \$5.8 million dollars has been paid into the Community Preservation Trust Fund from Lowell real estate transactions at the Registry with the community not benefitting, as Lowell has not passed the CPA.

A municipality adopts the CPA through passage of a ballot question which is created in one of two ways: The first is a majority vote of the City Council to put the question on the ballot while the second method requires a petition to be signed by at least 5 percent of the community's registered voters, requesting that the question be placed on the ballot. In either case, the CPA must be approved by a simple majority of the voters in the community.

As part of the vote to accept the provisions of CPA, a community may adopt and offer to property owners up to four different exemptions to the CPA property tax surcharge. These possible exemptions include:

- Property owned and occupied as a domicile by a person who would qualify for low income housing or low or moderate income senior housing in the community. Residents must apply annually to receive this exemption.
- Class three, commercial, and class four, industrial, properties in communities with classified ("split") tax rates.
- The first \$100,000 of taxable value of residential real estate. This exemption is automatically applied to residential property taxes prior to bills being issued by the municipality.
- The first \$100,000 of taxable value of class three commercial, and class four industrial properties.

Finally upon passage of the CPA, the community is required to create a Community Preservation Committee to administer the program. This five-to-nine member board makes recommendations on CPA projects to the community's legislative body, creates and updates the CPA required Community Preservation Plan, and has record keeping and budget reporting responsibilities.

Much more information on the Community Preservation Act can be found on the website of the Community Preservation Coalition at www.communitypreservation.org.

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