

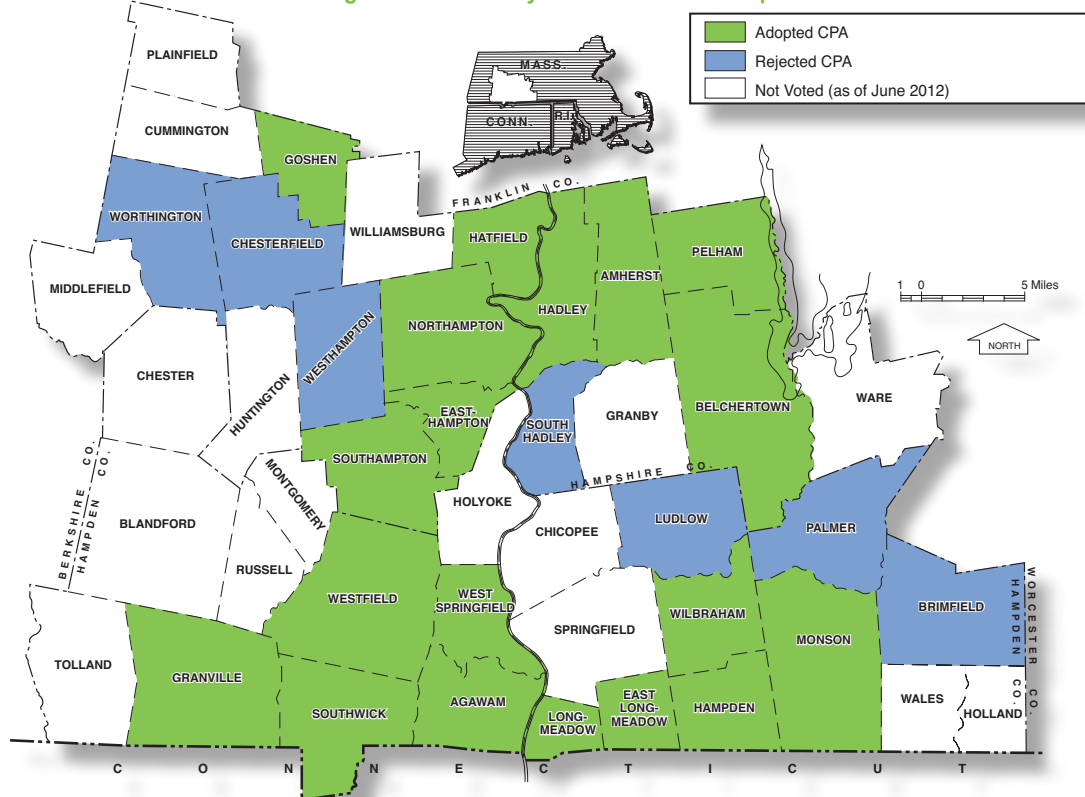
Impacts of the Massachusetts Community Preservation Act

on the Pioneer Valley Region, 2001-2011

Overview

The **Community Preservation Act (CPA)**, enacted in September of 2000, assists communities in raising and allocating funds for local open space protection, historic preservation, affordable housing, and outdoor recreational projects. As of November 2012, 155 communities across the Commonwealth of Massachusetts had adopted the CPA with 19 of those located in the Pioneer Valley region (Hampden and Hampshire county areas) (see Figure 1). Throughout those 19 communities, as of the end of December 2011, more than 4,100 acres of open space and agricultural land have been preserved, 391 housing units have been created or rehabilitated, and historic resources such as buildings and municipal archives have been protected or restored. Additionally, new bike paths, parks and other recreational facilities have been created. This report examines the physical and financial impacts that have occurred in the region as a result of CPA implementation.

Figure 1: Community Preservation Act Adoption



Source: Commonwealth of Massachusetts CPA Database

Prepared by the Pioneer Valley Planning Commission, July 2012.

The CPA provides communities with flexibility to exercise local control over planning decisions. Community Preservation money is overseen by municipal legislators who are advised by local Community Preservation Committees. Once the CPA is adopted, communities may levy a local property tax surcharge of up to 3% on real property (the level of surcharge, up to 3%, is determined by the voters of the community), with optional exemptions for all low-income homeowners and low- and moderate-income senior homeowners, and residential, commercial, and

Background (continued)

industrial properties. In the Pioneer Valley region, nine communities have adopted a surcharge of 3%; seven have adopted a 1% surcharge, and the other three have set theirs at 1.5 percent. The Town of Amherst voted in 2006 to increase its surcharge from 1 to 1.5 percent.

Once adopted, municipalities then establish a Community Preservation Fund where local monies generated by its CPA surcharge are deposited and then matched annually via a formula by the state through its statewide Community Preservation Trust Fund. This fund is underwritten by recording fees imposed on real estate transactions conducted at county Registries of Deeds offices throughout the state.

Thus far, the 19 Pioneer Valley region CPA communities have raised a total of more than \$41.5 million CPA dollars from local and state contributions, and have committed about \$35.1 million of these funds to projects. The largest percentage of this funding (34.4%) has been allocated to open space projects. These projects have resulted in the expenditure of about \$12 million with 4,129 acres of land preserved. Following open space projects, about \$11.4 million (32.4%) of CPA funds have been designated for historic preservation, about \$4.8 million (13.8%) for affordable housing projects, and about \$6.8 million (19.4%) for recreation-based projects. As a result of CPA monies, local and state matching funds, and additional funds from outside sources, the Pioneer Valley region has allocated \$93.9 million to be spent on CPA projects in its communities.

Data and Methods

This report analyzes the impacts of the Community Preservation Act on the Pioneer Valley region from the Act's inception in September 2000 to December 2011, and includes data made available through the State of Massachusetts as of December 2011. The totals refer to the Pioneer Valley region, including all 43 municipalities in the Hampden and Hampshire county areas. Data was procured from the Massachusetts Department of Revenue, the Massachusetts Office of Geographic and Environmental Information, the Massachusetts Executive Office of Energy and Environmental Affairs, and the Community Preservation Coalition.

It is important to note that while care was taken to use the most accurate and up-to-date data available at the time of this writing, data is provided to the state on a self-reported basis by each municipality. Therefore, there may be some instances of incomplete or inconsistent data that can inevitably occur with self-reporting and a lack of standardized reporting requirements. This analysis reflects the data at the time of analysis, which was July 2012. It is meant to be a point in time analysis summarizing the scope of impact the CPA has had on the Pioneer Valley to date. Since the time of initial writing, some significant changes have been made to the CPA law, and it will be important to continue to track how these changes affect funding and implementation throughout the region and statewide. Photographs displayed in this report exemplify projects undertaken with CPA funds.

CPA Spending Requirements and Exemptions



Academy of Music Theatre, Northampton, MA

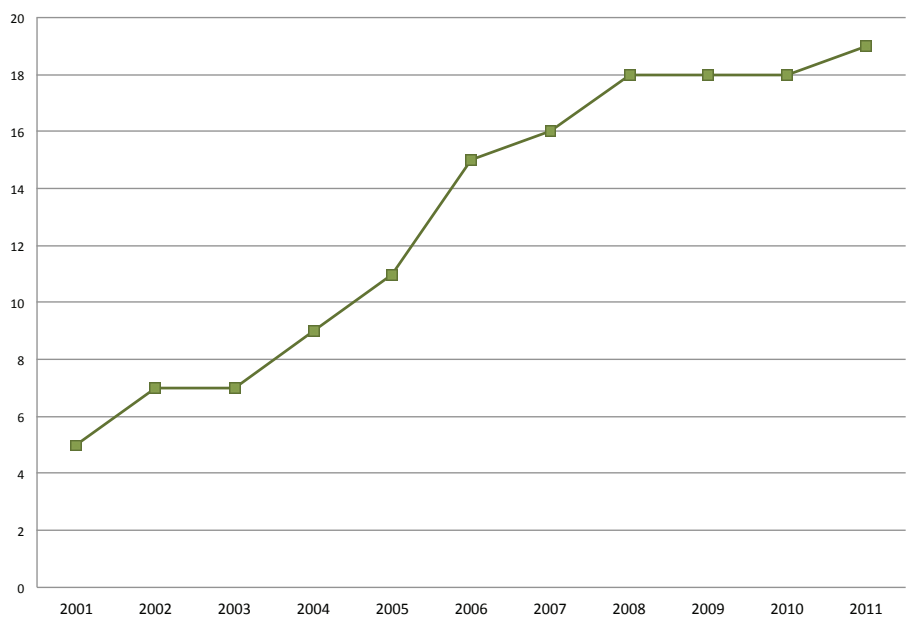
CPA funds are allocated by local legislative bodies to projects proposed and developed within each individual community. Annually, 10% of funds collected must be set aside or spent on projects in each of the CPA's three main components: open space (including outdoor recreational projects), historic preservation, and affordable housing. The remaining 70% each year may be applied at the discretion of the community to projects falling within these three broad categories. (When the analysis of this report was completed, prior to CPA

legislation changes passed in the summer of 2012, recreation was considered a separate category than open space, and for this reason, this report looks at recreation spending and projects in this way.) Up to 5% of CPA funds may be allocated for the administrative costs of the local Community Preservation Committee, which administers the program locally, although this data is not tracked at the state level. Funds may accrue from year to year, and the locally generated revenues may be used to pay back and retire CPA-related municipal bond issues.

CPA Communities in the Pioneer Valley Region

Municipalities adopt the CPA through a local ballot referendum decided by a simple majority. The measure may be placed before a community's voters by its local legislative body or via ballot question petition. The latter requires a minimum of five percent of registered voters to agree, by way of certified petition, to place the CPA on the local ballot. The CPA may be rescinded after five years utilizing the same public processes.

Figure 2: Cumulative Number of Pioneer Valley Region Communities Approving CPA Funds



Source: Commonwealth of Massachusetts CPA Database

The number of Pioneer Valley communities approving the CPA increased steadily from 2001 to 2008 but flat-lined in 2009 and 2010, with no communities approving the act and only one community approving it in 2011 (see figure 2). In the last 10 years, 26 Pioneer Valley region communities (60%) placed the CPA measure before voters; of those, 19 (about 44%) ratified it (see Figure 1).

Between 2008 and 2011, only two votes on CPA adoption occurred within the Pioneer Valley region. The towns of Brimfield and Pelham voted on the CPA, with Brimfield rejecting

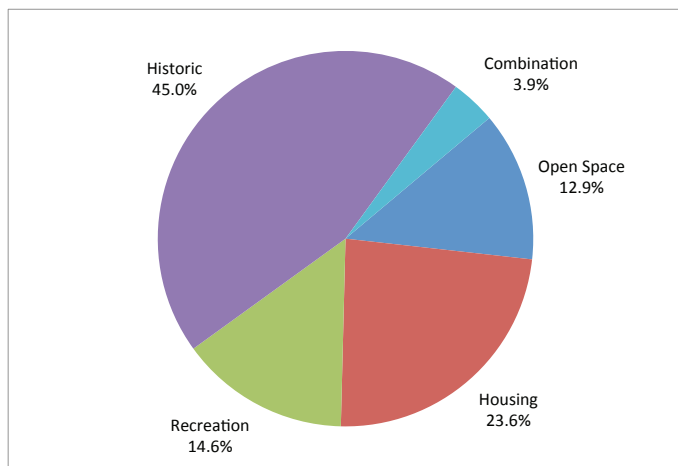
the act and Pelham passing it. In 2011 there was a failed attempted to revoke the CPA in Northampton and in November of 2012, Westhampton voted on, and again rejected the CPA. Some possible explanations for the reduced interest include a decline in state matching funds caused in part by a tepid real estate market, an increasing number of communities drawing from the CPA trust fund, and the recent national economic predicament, which is likely to negatively impact people's willingness to vote in favor of additional taxes not seen as essential. Recent amendments to CPA legislation that were enacted in July 2012, do seem to have led to increased interest in the program statewide, with nine communities, including 4 cities, voting on CPA on November 6, 2012. Of these nine communities, seven approved CPA adoption.

Physical Impact

As a result of its goals and stipulations, the CPA's adoption has impacted the physical landscape of the region through a variety of initiatives since its inception in 2001. Communities in the Pioneer Valley region have allocated funds to all four types of projects (open space, historic preservation, housing, and recreation), but there is some divergence among project types chosen and funds allocated. Moreover, affordable housing projects lag significantly behind other types of projects, both in terms of the number of projects undertaken and the total of allocated funds. Contributing factors to this may include the practice many communities use of putting aside housing funds for a number of years to save up for a

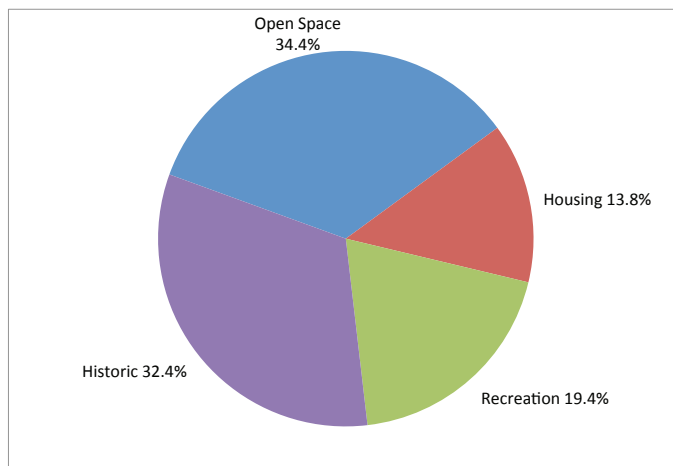
more expensive project and/or a perceived lack of need for additional affordable housing within the community. About 4% of all the projects in the region are considered combination projects that fall into more than one of the four funding categories. Figures 3 and 4 display the distribution of project types and allocated funding. : In Figure 4, data only represents funds appropriated to specific projects to date. Communities also have funds they have transferred to reserve accounts for Housing, Open Space, and Historic Preservation but, as of yet, have not been allocated. The proportion of funds allocated to each of the reserve accounts is not represented in this figure.

Figure 3: Distribution of 567 Total CPA Projects by Category



Source: Commonwealth of Massachusetts CPA Database

Figure 4: Distribution of \$35.1 Million Total CPA Funds Appropriated to Projects by Category

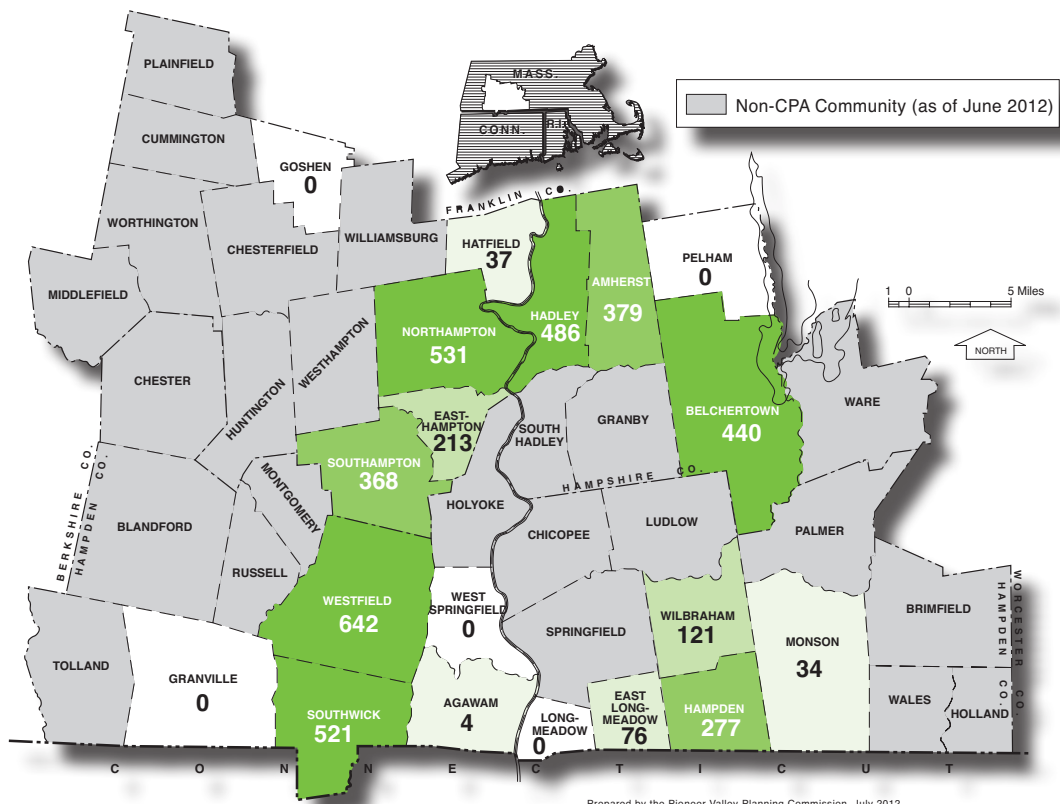


Source: Commonwealth of Massachusetts CPA Database

Open Space

The CPA has provided funds to preserve more than 4,100 acres of open space in the Pioneer Valley region (see Figure 5). As of December 2011, a little less than a quarter of all CPA projects in the region are open space projects. At the same time, this category accounts for the greatest portion of funding at about \$12 million, or 34.4% of all CPA dollars appropriated in the region. This may be due in part to the more rural nature of the municipalities that have adopted the CPA, as the area's urban core cities of Chicopee, Holyoke, and Springfield have not yet implemented it. The availability of CPA monies to purchase land at market prices also provides an alternative to enacting sometimes controversial zoning regulations as a means of managing land uses.

Figure 5: Acres Preserved



Prepared by the Pioneer Valley Planning Commission, July 2012.

Source: Commonwealth of Massachusetts CPA Database

Historic Preservation



Emily Dickinson Homestead, Amherst, MA

CPA funds can be used for the acquisition, preservation, and rehabilitation of historic resources. According to the Community Preservation Coalition, the CPA defines historic resources as “a building, structure, vessel, real property, document, or artifact.” At the time of this writing, to be eligible for CPA funding, a historic resource must also meet one of the two following criteria: be “listed on the state register of historic places” or be “determined by the local historic preservation commission to be significant in the history, archeology, architecture, or culture of a city or town.” As of December 2011, there have been 255 historic preservation projects in the Pioneer Valley region, accounting for about 45% of the total CPA-related projects.

Although communities engage in these types of projects more than any other, funding for these projects ranks second and accounts for only 32.4% of all CPA dollars appropriated (about \$11.4 million). Three PVPC communities have, thus far, not completed any historic preservation projects.

Housing

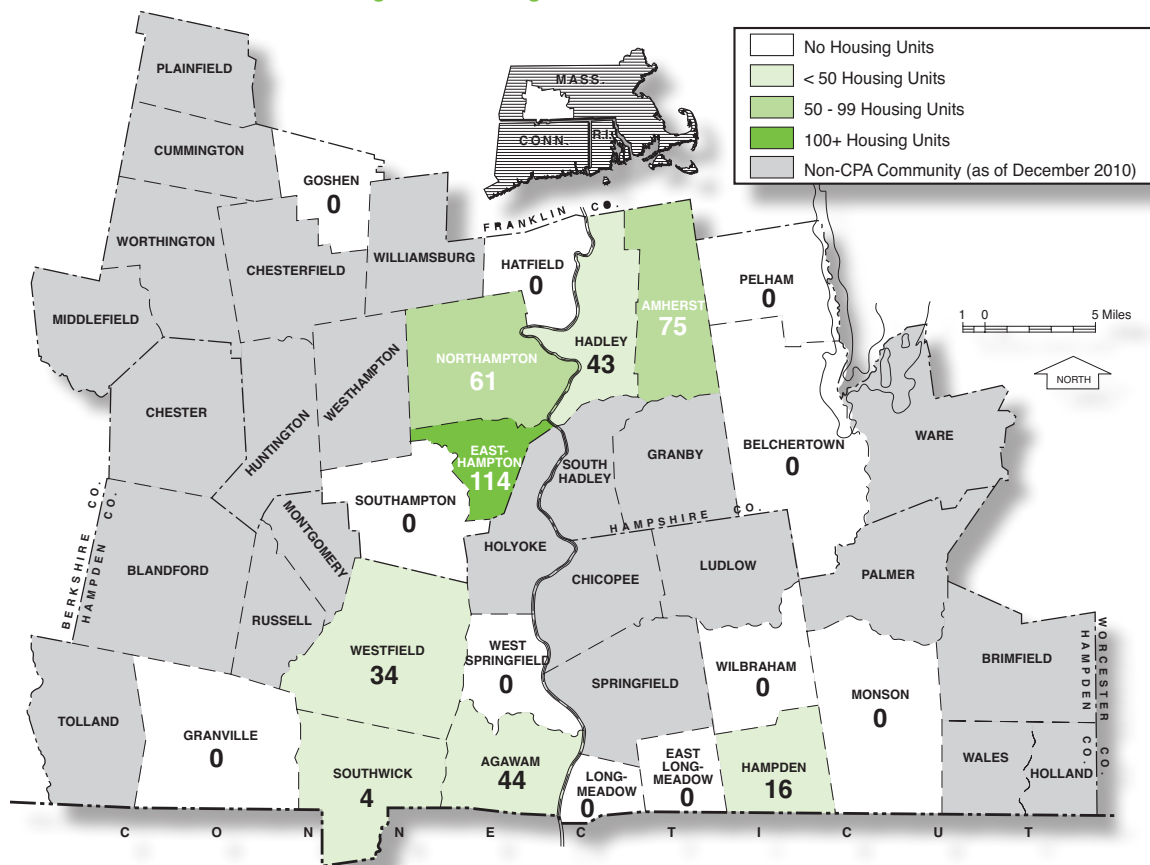


New Habitat for Humanity Homes, Amherst, MA

CPA funds may also be used for community housing, which includes housing for both low- and moderate-income individuals and families, as well as for low and moderate-income seniors. Housing projects include the construction of new units, the acquisition of land for housing development, the rehabilitation of existing units, the creation of pre-development loan funds, and other uses. In the Pioneer Valley region, 73 projects (about 12.9% of the total) are related to housing, which accounts for about \$4.8 million or 13.8% of all outlays, making this the lowest-appropriated CPA use category. (Again, communities may direct funds to the housing reserve account for future use, and this would not be included

in the appropriations described here.) Amherst and Northampton together account for about 55.8% of all housing appropriations in the Pioneer Valley region. Six communities have not allocated any funds to affordable housing projects. According to the Commonwealth of Massachusetts CPA Database, 391 housing units have been created or rehabilitated in the Pioneer Valley region (see Figure 6), with Easthampton accounting for slightly less than a third of those with 114 units.

Figure 6: Housing Units Created or Rehabilitated



Prepared by the Pioneer Valley Planning Commission, July 2012.

Source: Commonwealth of Massachusetts CPA Database

Recreation

Although the CPA does not oblige communities to undertake recreation projects, about 83 or 14.6% of all projects in the region are recreation-based. Those projects account for about \$6.8 million or 19.4% of all CPA funding appropriations in the Pioneer Valley region. Exercising this option highlights how communities value local recreation; this is particularly true in Agawam, Amherst, and Westfield, which together account for about 55.2% of all CPA appropriations in this category.



Manhan Rail Trail, Easthampton, MA



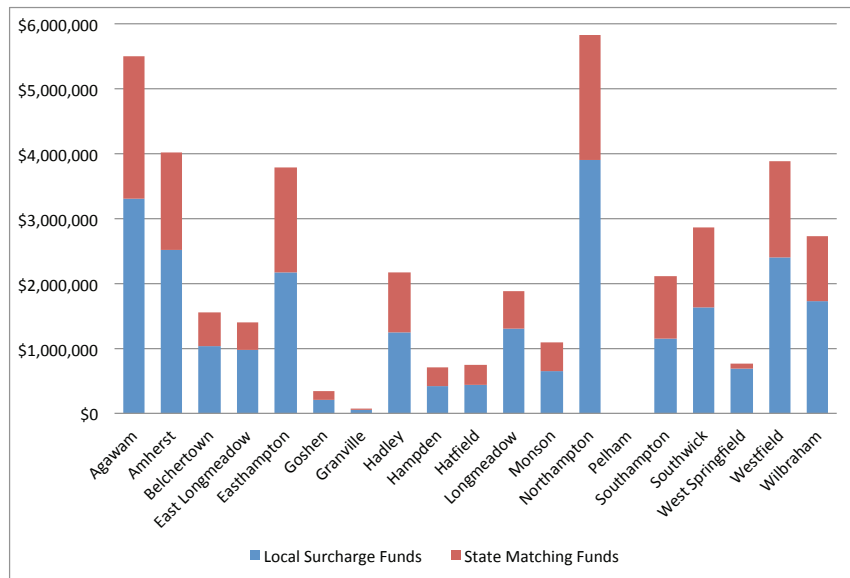
School Street Park & Playground, Agawam, MA

Financial Impact

The CPA has had significant financial impact on the amount of money spent on projects in the Pioneer Valley region. This total impact includes the amount of local funds collected via the CPA property tax surcharge, state matching funds (see Figure 7) and, in many cases, other non-CPA funds leveraged to help underwrite projects.

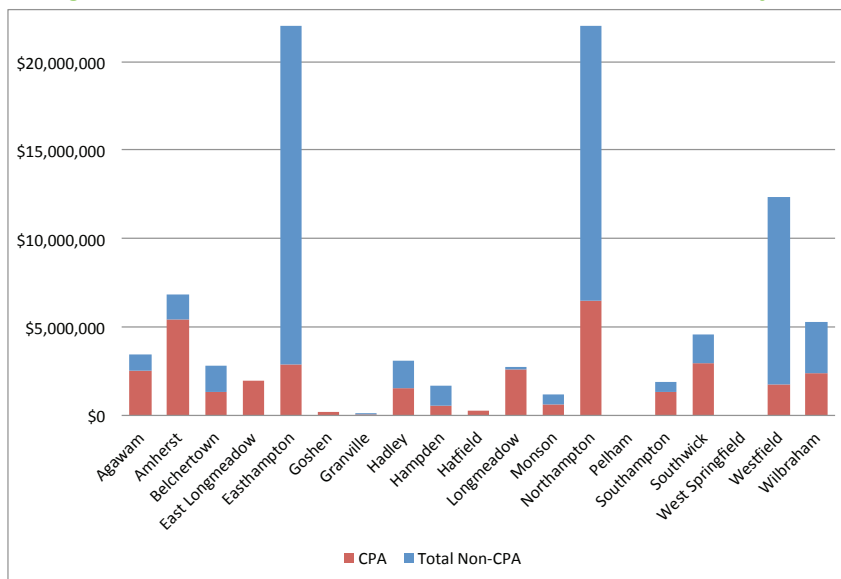
Non-CPA funds include grants or allocations from local, state, and federal agencies as well as from private funders, foundations, and other sources that are used to complete CPA projects. Through 2011, the total amount of non-CPA funds from all sources allocated to complete CPA projects in the Pioneer Valley region was about \$93.9 million. Although CPA funds are not insignificant, when compared to total dollars expended for all CPA-related projects, it appears that

Figure 7: \$41.5 Million in CPA Funds Raised 2001-2011



Source: Massachusetts Department of Revenue

Figure 8: \$93.9 Million in CPA and Non-CPA Funds Raised for CPA Projects



Source: Commonwealth of Massachusetts CPA Database

about 62.8% of project funding for the region as a whole has been leveraged by the CPA communities from non-CPA or outside sources (see Figure 8), though the majority of this outside funding is focused in a minority of CPA communities. Since information about additionally leveraged funds is self-reported by CPA communities, it is thought to be significantly understated and thus actual total dollars as well as number of communities leveraging extra dollars is likely to much higher than the data available describes. This speaks to the tremendous leveraging power of CPA funds, which is a positive and often under recognized benefit of participation in the CPA program.

Diversity of Funding Options

The use of CPA funds across the region is not uniform. In some cases, the CPA funds have been the sole source of funds used to finance projects. This was true in East Longmeadow, Granville, and Hatfield. On the other hand, some communities have used CPA funds in combination with funds from other sources, or to complete funding of projects that had previously raised funds from those other sources. Easthampton, Northampton, Westfield, and, to a lesser degree, Wilbraham added CPA funds together with a significant level of non-CPA money to finance projects. Combined, these four communities utilized about \$49.8 million in outside funding sources, or about 84% of all outside funding sources used in the region. By comparison, the other 15 Pioneer Valley CPA communities combined utilized about \$9.3 million in outside funding sources by comparison (see Figure 8).

Declining State Match Increases Reliance on Local Dollars

Between fiscal years 2002 and 2008, the Commonwealth matched locally raised CPA funds at a 100% rate. However, according to the MA Department of Revenue, the state match decreased to an average of 73.7% in FY 2009, 40.4% in FY 2010, and 31.5% in FY 2011. In the Pioneer Valley region, the decrease in state matching funds over the past three years has resulted in the proportion of CPA revenue raised locally increasing to about 59.2% of the total available for use. In July of 2012, legislation was passed that does attempt to restore a more significant match from the State by allocating an additional \$25 million to the CPA Trust Fund. It will be important to monitor whether this has the desired effect of encouraging more communities to implement the CPA and approve more CPA projects.

Conclusion

The Community Preservation Act has assisted the Pioneer Valley region in preserving more than 4,100 acres of open space and agricultural land, creating or rehabilitating 391 housing units, and protecting or restoring a bounty of historic resources ranging from the rehabilitation of historic buildings to the protection of municipal archives and the restoration of early cemeteries. Additionally, new bike paths and parks have been created, along with playing fields and playgrounds for the region's children, adults, and visitors to enjoy.

Moreover, while federal and state funds continue to be scarce, CPA money has remained available to help address the critical shortage of affordable housing in the region. These projects lag significantly behind the other two main CPA categories and the recreation category in terms of the number of projects undertaken and in funding. Still, more than \$4.8 million in CPA money has been allocated to housing projects in the Pioneer Valley region, money that might not have been otherwise available for this use absent a mechanism such as the CPA.

Though at reduced levels in recent years, state matching funds have provided a financial return on investment for communities that opt in and recent legislation suggests the state matches will soon be increased again. From 2001 to 2011, the impact of the CPA in the region has been significant, particularly at times when CPA funds have aided municipal officials in creatively leveraging non-CPA funds to undertake worthy projects. In this way, the CPA continues to serve as a multiplier for Smart Growth initiatives.



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