Community Preservation Act.
Frequently Asked Questions

Q. What is the Community Preservation Act?

The Community Preservation Act (CPA) allows towns and cities to levy a community-wide property tax surcharge of up to 3 percent for the purpose of creating a local Community Preservation Fund and qualifying for state matching funds. Money from the Community Preservation Fund must be used to acquire and protect open space, preserve historic buildings, and create and maintain affordable housing. The state provides matching funds to communities that have enacted the CPA legislation.

Q. When did the City of Cambridge enact the Community Preservation Act?

In order to create the Community Preservation Fund, the CPA first must be accepted by a majority vote of the City Council, and then approved by a majority of local voters in an election. The citizens of Cambridge voted to accept the Community Preservation Act in November of 2001 and to enact a 3% property tax surcharge. The CPA surcharge appeared for the first time on the FY 2002 second half property tax bills. The full surcharge amount appeared on this bill because preliminary bills were issued in October of 2001, before the vote of acceptance occurred. Beginning with the FY 2003 bills, the surcharge will be divided evenly between the first half billing and the second half billing

Q. How is the surcharge calculated?

The surcharge is levied against the tax amount, not the value of the property. For example, a CPA surcharge of 3 percent on a real property tax bill of $1,000 would be $30, or 3 percent of $1,000, per year

Examples

1. Owner Occupied Residential Property

Prop Value	City Residential Exemption	CPA Res Exemption	Tax Rate	CPA Surcharge	
$400,000	196,226	$100,000	$8.16/1000	$25.40	Value - Res Exemp - CPA Res Exemp) X Tax Rate X 3%

2. Residential Property, Not Owner Occupied

Prop Value	City Residential Exemption	CPA Res Exemption	Tax Rate	CPA Surcharge	
$400,000	N/A	$100,000	$8.16/1000	$73.44	Value - Res Exemp - CPA Res Exemp) X Tax Rate X 3%

3. Mixed Use Property, Not Owner Occupied

Prop Value	City Residential Exemption	CPA Res Exemption	Tax Rate	CPA Surcharge	
R: $300,000	N/A	$100,000	R: $8.16/1000	$108.66	Value - Res Exemp - CPA Res Exemp) X Tax Rate X 3%
C: $100,000	N/A		C: $19.90/1000		C Value X Com Tax Rate X 3%

4. Commercial Property

Prop Value	City Residential Exemption	CPA Res Exemption	Tax Rate	CPA Surcharge	
$400,000	N/A		C: $19.90/1000	$238.80	C Value X Com Tax Rate X 3%

Q: How long will CPA remain in effect?

CPA remains in effect for a minimum of five years from the date of voter approval in a municipality. After five years, it can be revoked in the same manner to approve the CPA originally—City Council acceptance followed by voter approval.

Q: Can the level of the CPA surcharge be amended?

Yes. The level of the surcharge (and the optional exemptions) can be changed at any time after the surcharge is imposed, through a simple majority vote of the City Council followed by voter approval. At no time can the surcharge exceed 3 percent by voter approval. At no time can the surcharge exceed 3 percent.

Q: Who determines how the funds raised through CPA will be spent?

A Community Preservation Committee, composed of representatives from the conservation, parks, and historical commissions; the planning board; and the housing authority, will make annual recommendations to the City Manager on how the money shall be spent

Q. Does the CPA contain specific requirements on how the money must be spent?

Yes. Each fiscal year, upon recommendation of the committee, the City must spend or set aside for future spending, the following shares of annual Community Preservation Fund revenues

10 percent for open space (cannot include active recreation fields or playgrounds

10 percent for historic preservation

10 percent for affordable housing

Beyond these required disbursements, the City will be guided by the recommendations of the Committee on how the remaining 70 percent of annual CPA revenues shall be divided among the three purposes. For example, the City could allocate the remaining 70 percent of the annual revenue to one purpose, spread it evenly among all three, or set the funds aside for future spending. Each year, the City can modify the spending mix for the remaining 70 percent of the fund.

Q: What state matching funds are available?

Through the newly created Community Preservation Trust Fund (CPTF), the state will provide matching grants to communities that have adopted CPA. The CPTF will receive funds through a surcharge of $20 on most filings at the Registry of Deeds and land filings at the Land Court. Municipal liens will be assessed a $10 surcharge, and homestead declarations will be exempt from the surcharge. Based on filings in 1999, the CPTF's revenues are estimated at upwards of $25 million annually.

Q: How will state matching funds be allocated among municipalities?

The state Community Preservation Trust Fund provides allocations only to municipalities in which voters have approved CPA. The Commissioner of Revenue will allocate the Fund's proceeds annually in several distribution rounds, but the total distribution to a municipality cannot exceed 100 percent of the local CPA property tax surcharge collected (a 1:1 ratio). No state funds will be allocated until the municipality not only accepts CPA, but actually collects tax revenue.

Q: When and how will these funds be disbursed?

Every year on October 15, the Commissioner of Revenue will disburse local grants to communities that have notified the Commissioner of its acceptance. The community must also certify to the Commissioner on June 30 annually the amount of revenue raised through the CPA surcharge and the rate imposed.

Q. Are there any exemptions to the CPA surcharge?

1. Residential property that is owner occupied: $196,226 of the value of the property (the City's residential exemption amount for FY 11) plus an additional $100,000 of the value of the property (the CPA residential exemption). Up to $296,226 is exempted; if the property value is less than $296,226, the exemption is equal to the property value (i.e. no negative value is created).

2. All other property classified as residential: $100,000 of the value of the property (the CPA residential exemption). The residential portion of mixed-use properties is granted this exemption. Up to $100,000 is exempted; if the residential property value is less than $100,000, the exemption is equal to the residential value (i.e. no negative value is created).

3. Property owned and occupied by person(s) who qualify for the low/moderate income CPA exemption: a full exemption from the surcharge. To receive this exemption, a taxpayer must submit the CPA Low/Moderate Income Exemption Application and must meet income guidelines established by the State for the size and type of household.

4. Property owned and occupied by senior(s) who are granted a Clause 41C personal exemption or Clause 41A tax deferral: a full surcharge exemption.

5. Commercial/industrial property: There are no exemptions.