

Community Preservation Committee

Article 24: Appropriate FY2025 CPA Reserves

The Community Preservation Act in Needham

In November 2004, Needham voters adopted the Massachusetts Community Preservation Act (CPA), a funding mechanism for the Town to award grants supporting community housing, the preservation of historic resources, the acquisition and preservation of open space, and the restoration and investment in recreational resources.

Sources of Funds	Total Since Adoption
<u>Property Tax Surcharge</u> 2% surcharge on annual property taxes (excluding the first \$100,000 of valuation)	\$39,117,647
<u>State Community Preservation Fund</u> Annual distribution from the Massachusetts Community Preservation Trust Fund	\$12,812,014

CPA Revenue & Reserves

At least 10% of annual receipts must be spent, or allocated for future spending, in three CPA special reserves: **Community Housing, Open Space and Historic Resources.**

The CPC's practice has been to appropriate 11% for each special reserve to account for any variation between estimated and actual receipts.

Beginning in 2022, and continuing each year thereafter, the CPC elected to double the appropriation to the Community Housing reserve to 22%, recognizing the need for additional housing resources and anticipating future requests by the Needham Housing Authority.

The remainder of the funds (minus funds appropriated for administrative expenses) is appropriated to an Annual Reserve, which can be used for projects in all three categories plus **Recreation.**

Estimated Revenue for FY2025

Surcharge Receipts Estimate	\$ 3,387,500
State Trust Fund Distribution Estimate	<u>\$ 578,615</u>
Total	\$ 3,966,115

Appropriate to CPA Reserves for FY2025

Administrative and Operating Expenses of the Community Preservation Committee	\$ 82,000
Community Preservation Fund Annual Reserve	\$1,187,215
Community Housing Reserve	\$ 872,545
Historic Resources Reserve	\$ 0*
Open Space Reserve	\$ 436,273

*No appropriation to the Historic Resources Reserve is necessary as the debt service payable during FY2025 for previously appropriated historic resources projects is greater than the 11% required.

Current CPA Reserve Balances

Community Housing Reserve	\$ 3,649,749
Historic Resources Reserve	\$ 106,669
Open Space Reserve	\$ 2,401,894
2024 Annual Reserve	\$ 1,749,706
Free Cash	\$ 4,466,031
Total	\$ 12,374,049