

Effective FY2012, as a result of the November 2, 2010 town elections, the Town of Belmont is issuing the **Community Preservation Act (CPA) surcharge** on the real estate tax bills.

Below are some frequently asked questions.

What is the purpose of the Community Preservation Act?

The purpose of the CPA is to give communities a dedicated funding source to expand certain community assets: open space, historic resources, recreational land and community housing. Fund monies may be spent to undertake the following community preservation purposes: a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation and restoration of historic resources; c) the acquisition, creation and preservation of land for recreational use; d) the creation, preservation and support of community housing; and e) the rehabilitation and restoration of open space and land for recreational use and community housing, that is acquired or created using monies from the fund. For each fiscal year, the community must spend or reserve at least 10% of the annual revenues in the fund for each of the act’s community preservation purposes: open space, historic resources and affordable housing. The primary source of revenue for the local Community Preservation Fund (CPF) is a property tax surcharge of up to three percent (Belmont voted on 11/2/2010 for 1.5 percent) that will be assessed on each parcel of taxable real estate within the community. A second source of revenue for the fund will be annual distributions received from the state “Massachusetts Community Preservation Trust Fund”.

Who pays the surcharge?

The owners of residential and commercial property pay the Community Preservation Act (CPA) surcharge.

How is the Community Preservation Act surcharge calculated?

The surcharge is levied against the tax amount, not the value of the property. For example, a CPA surcharge of 1.5 percent on a real property tax bill of \$1,000 would be \$15.00, or 1.5 percent of \$1,000 per year.

Property Type	Value	CPA Residential Exemption	Tax Rate Per \$1,000	CPA Surcharge	Formula
Residential	\$645,000	\$100,000	\$13.24	\$108.24	(Value – CPA Residential Exemption) x Tax Rate x 1.5%
Mixed Use*	\$200,000 (R) \$100,000 (C)	\$100,000	\$13.24	\$39.72	(Value – CPA Residential Exemption) x Tax Rate x 1.5%
Commercial	\$900,000	N/A	\$13.24	\$178.74	Value x Tax Rate x 1.5%

*The \$100,000 CPA residential exemption applies on the first \$100,000 of the portion of the assessed valuation classified as Class One, Residential, property on a property classified as a multiple use.

An example of a tax bill and surcharge calculation is shown below using Belmont’s Fiscal Year 2011 median single family home assessed value and the FY2011 tax rate. The FY2012 tax bill and surcharge will be based on FY2012 tax rate and FY2012 values.

Tax Bill Calculation Example		
(a)	FY2011 sample single family home assessed value	\$645,000
(b)	FY2011 tax rate (per \$1,000 of assessed value)	\$13.24
(c)	FY2011 property tax (a) x (b)/1,000	\$8,539.80
CPA Surcharge Calculation Example		
(d)	CPA Residential Exemption	\$100,000
(e)	CPA Taxable Value (a) - (d)	\$545,000
(f)	CPA Tax Basis (e) x (b)/1,000	\$7,215.80
(g)	CPA Surcharge Percentage	1.5%
(h)	CPA Surcharge (f) x (g)	\$108.24
Total Tax Bill with CPA (c) + (h)		\$8,648.04

How long will the 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 – a majority vote of the legislative body and by referendum. The surcharge continues to be assessed, however, until all obligations incurred and funded by the city/town from CPF revenues are paid.

Can the level of the CPA surcharge be amended?

A city/town may amend the surcharge percentage and exemptions. Amendment is by majority vote of legislative body and by referendum.

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

A Community Preservation Committee, consisting of five to nine members and composed of representatives from the conservation commission, historical commission, planning board, board of park commissioners, and the housing authority, is responsible for evaluating the community preservation needs of the city or town and making recommendations to the community’s legislative body as part of the annual budget process. A recommendation by the Community Preservation Committee and an appropriation by the legislative body of the city or town are both required to spend any monies belonging to the fund for particular community preservation purposes.

When will the surcharge be ordinarily billed and due?

For FY2012, the surcharge will be imposed on the actual tax bills, therefore, it will be displayed as a separate item on the last two tax bills (due dates of February 1 and May 1).

Since the CPA Surcharge is effective FY2012, the surcharge appears for the first time on the 3rd quarter tax bill. The amount shown on each of the 3rd and 4th quarter tax bills (issued 12/2011 and 03/2012, respectively) will reflect the actual surcharge. The actual surcharge will be based on the FY2012 tax rate and FY2012 assessed values to be established in the fall of 2011.

Subsequently (effective FY2013), the surcharge will be imposed on all preliminary and actual tax bills. The 1st and 2nd quarter tax bills will be based on 50% of the previous year's CPA surcharge (for FY2013, this will be FY2012). The 3rd and 4th quarter tax bills will reflect the actual surcharge net of estimated 1st and 2nd quarter payments. For FY2013, the actual surcharge will be based on the FY2013 tax rate and the FY2013 assessed values to be established in the fall of 2012.

Are there any exemptions to the CPA surcharge?

1. All property classified as residential: \$100,000 of the value of the property (the CPA residential exemption).
2. Mixed use properties: \$100,000 of the residential value of the property or the total residential value of the property if it is lower than \$100,000.
3. Commercial/Industrial properties: there are no exemptions.
4. 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 the income guidelines established by the State for the size and type of household.

What are the requirements for the low/moderate income CPA exemption?

To qualify for this exemption in FY2012, you must meet certain income thresholds as prescribed by state law. The thresholds for FY2012 are based on 2010 income. An application must be completed and filed with the Assessor's Office. Just like all other exemption programs that the Town of Belmont offers, the earliest a CPA low/moderate income exemption application can be filed is July 1 of the fiscal year; for FY2012, that means July 1, 2011.

Supporting documentation is required which will help the Board of Assessors make a determination of your eligibility for this exemption. A birth certificate or current driver's license must be included with your application. Copies of your 2010 federal and state income tax returns may be requested to verify income for each household member.

For FY2012, age and residence requirements must be met as of **January 1, 2011**. The income limits for those 60 years and older and those under 60 years are shown below.

Household Size	Annual Income Limit	
	Senior Household Type: Property Owned by Senior (60+)	Non-Senior Household Type: Property Owned by Non-Senior (<60)
1	\$64,250	\$51,400
2	\$73,450	\$58,750
3	\$82,600	\$66,100
4	\$91,800	\$77,450
5	\$99,150	\$79,300
6	\$106,500	\$85,200
7	\$113,850	\$91,100
8	\$121,200	\$96,950

Income limits will be revised each year based on the Area-Wide Median Income determined by the U.S. Department of Housing and Urban Development (HUD). The figures above in both charts are based on the median income amount issued by HUD in May 2010. The Annual Income Limits are subject to change once the new median income is issued in May 2011, to be used for FY2012 filing.

Exemption Amount: A qualified taxpayer receives an exemption of the entire surcharge attributable to the real estate tax assessed on the Class One, Residential, assessed valuation of the parcel, regardless of ownership share or number of residential dwellings.