

Westtown Township Open Space Tax Referendum

for Acquisition of Crebilly Farm

Frequently Asked Questions

Updated September 6, 2022

What has the Township done to acquire Crebilly Farms?

On April 4, 2022, the Township Board of Supervisors approved an agreement of sale to purchase 208 acres of Crebilly Farm for \$20.8 million. In order for the Township to become the legal owner of the property, the Township will need to secure approximately 75% of the purchase price from county, state, and federal grant programs by March 31, 2023. The Agreement of Sale also requires that the remaining 25% of the purchase price would be paid for with local Township tax dollars. To that end, the Agreement of Sale proposes that there will be an open space tax referendum on the November 8, 2022 general election ballot to determine whether a majority of Township voters are in favor of raising local taxes to acquire this open space.

Update as of September 6, 2022: based on the land survey that was undertaken pursuant to the agreement of sale, the actual area of the land measured approximately 206 acres, or two acres less than anticipated. Most likely, the two acre discrepancy was due to netting out the road "right of way" along the edge of the surrounding streets. The agreement of sale anticipated a discrepancy between the original 208 acres and the actual area calculated via the survey. As a result, it is expected that the purchase price will be reduced by approximately \$200,000 (or two acres x \$100,000).

What specific question will Westtown Township residents be asked to vote on in the November election?

The Township is proposing a "blended" tax increase in order to secure our portion of the costs, meaning that it will be 50% funded by Earned Income Tax and 50% funded by real estate tax. Specifically, it is currently anticipated that the open space tax referendum will pose the following question:

Do you favor the imposition of an increase in the earned income tax at a rate not to exceed eight one hundredths (8/100th) of one percent (0.08%) and an increase in the real property tax at a rate not to exceed 0.42 mills (\$0.42 per \$1,000 assessed valuation) by the Township of Westtown to be used to purchase interest in real property for purposes of securing open space benefits and for transactional fees incidental to acquisitions of open space property; retire indebtedness incurred in acquiring open space; and the expenditure of funds for any purpose relating to the acquisition, planning for acquisition, preservation, improvement and maintenance of open space or for an open space benefits?

Stated another way, if the referendum passes, the local Earned Income Tax rate would increase from 1% to 1.08% and the Township real estate tax rate would increase from 3.5 mills to 3.92 mills.

How much will my taxes go up if the referendum is successful?

Your specific tax increase will depend on 1) your household earned income and 2) the assessed value of your home. For perspective, a household earning \$100,000 would pay an additional \$80 in local Earned Income Tax. Meanwhile, a home with an assessed value of \$250,000, which is approximately the average assessed value for a single family detached home in Westtown, would pay an additional \$105 per year.¹

Why is Westtown proposing to increase both Earned Income Tax and real estate tax?

While real estate tax is paid by all property owners in the Township, earned income tax is only paid by residents who are actively working. Therefore, by spreading the tax increase across both taxes, the Township ensures that residents on fixed incomes are not overburdened by new taxes, while also not putting the tax burden solely on working residents.

What happens if the Township doesn't secure grant funding or the open space tax referendum doesn't pass?

The Township reserves the right to terminate the Agreement of Sale in the event that the open space tax referendum does not pass or the Township has not secured approximately 75% of the purchase price from grants or other private funding sources. At that point, the property owner could remarket the property, including to developers.

Isn't Crebilly Farm 322 acres? What would happen to the other 114 acres?

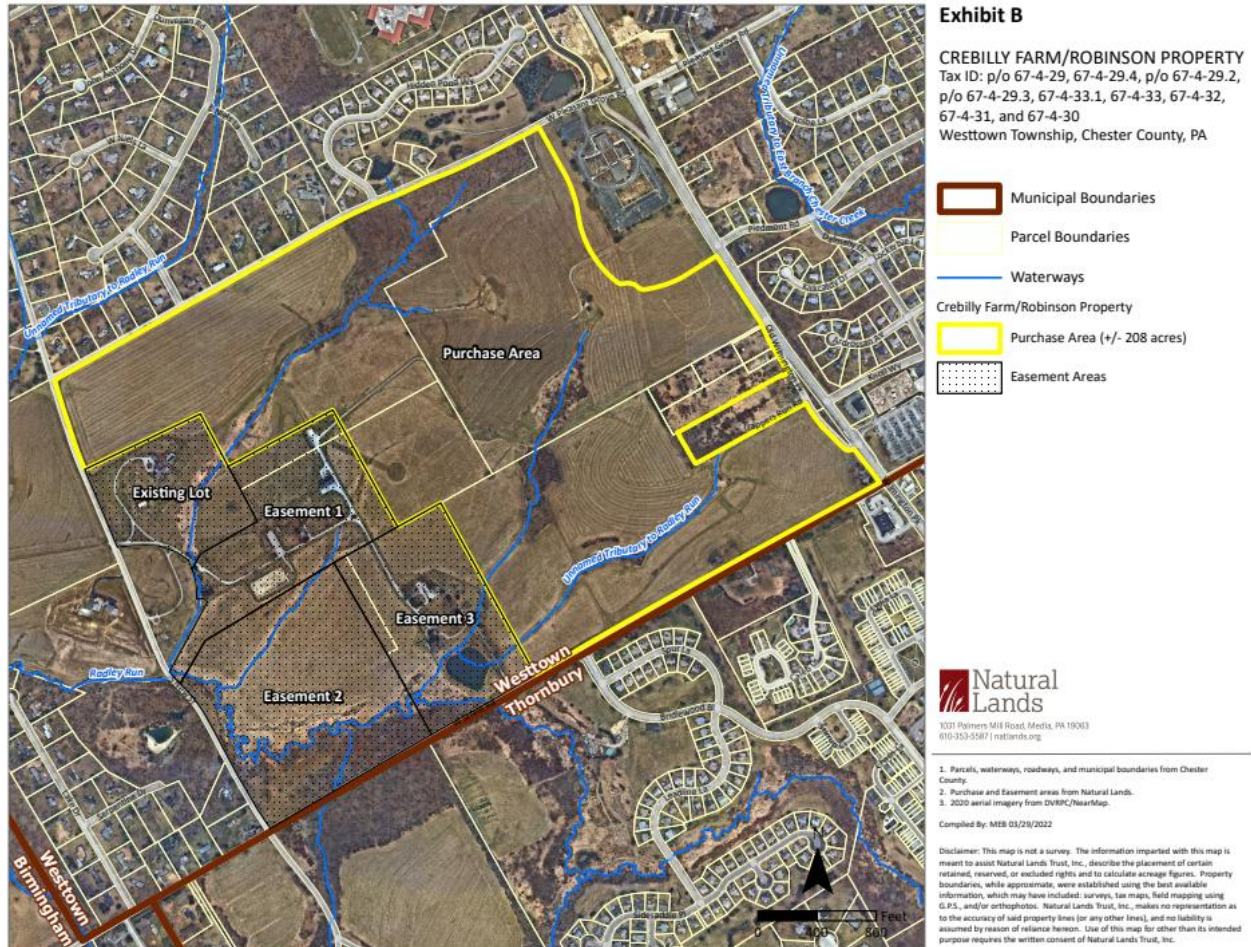
The property owner also intends to subdivide about 104 acres in the southwestern section of the property into four large parcels. The property owner would then secure "conservation easements" over those four parcels in order to ensure that any future construction would be limited to the construction of a single family home and uses "accessory" to that private residence, such as a swimming pool or a barn. In other words, once the conservation easements are in place, those properties could never be subdivided into smaller lots and developed with multiple homes. The current property owner would then market those conserved parcels to private buyers.

Update as of September 6, 2022: based on the land survey, the cumulative area of the four lots to be eased actually measured about 102 acres. As with the area that the Township would acquire directly, the two acre discrepancy was likely due to netting out the road "right of way" along the edge of the surrounding streets.

¹ A home with an assessed value of \$250,000 in Chester County corresponds with a fair market value (sales price) of about \$555,000.

In addition, there is an existing lot on South New Street that is not part of this transaction. It is a private residence and will remain as such

The map on the next page outlines where the new boundaries are envisioned for the conserved parcels (“Easements” 1-3, plus “Existing Lot”) and what the Township would purchase (“Purchase Area”).



If the open space referendum passes and the Township secures sufficient grant and private funding, how will the 208 acres be used?

The 208 acres would be retained as “passive” open space, which means that it could be used for hiking, jogging and general relaxation. The area will be used for “active” recreation, such as for youth or adult sports leagues or playgrounds. Infrastructure needed to support passive recreation, such as a parking lot and a trail network, will also need to be constructed. However, many specifics about how the property will be used, including but not limited to where trails and parking facilities will be located or whether mountain biking or horseback riding will be permitted, are not yet known.

Update as of September 6, 2022: as noted above, the total acreage to be acquired by the Township is now 206 acres, based on the recent land survey.

How much funding will the Township open space taxes raise?

The Township estimates that a 0.08% increase in the Earned Income Tax rate will generate \$340,500 per year and a 0.42 mill rate increase will also generate about \$340,500 per year, for a total of \$681,000. Of this amount, about \$545,000 would be needed to secure \$7.5 million in open space bonds (i.e. new debt) to fund the acquisition, while the remainder (about \$136,000) would be used to maintain the property.

25% of \$20.8 million is only \$5.2 million, so why is the Township prepared to borrow up to \$7.5 million?

The additional funds would be needed to pay for the new conservation easements along the west side of the property. While Natural Lands is applying for grant funding for conservation easements for the four new parcels, it is expected that grant funding will only cover 50% of those easements.

How did the Township arrive at the \$20.8 million purchase price?

The purchase price, which works out to \$100,000 per acre, was based on a property appraisal conducted in December 2021. In other words, this is the estimated value of the land if it were to be sold to a developer.

The appraiser also calculated the value of the conservation easements for the additional 104 acres at \$4.368 million. In other words, by restricting future development on those four new parcels, the properties would collectively be worth \$4.368 million less than without the easements in place.

Update as of September 6, 2022: note that as result of the acreage discrepancies identified during the recent land survey, it is expected that the purchase price will fall to about \$20.6 million and that the cost of the conservation easements will fall to about \$4.29 million.

If the referendum is successful, how long will the new taxes remain in place?

The new taxes would remain in place until they are rescinded by a future voter referendum. As a practical matter, because the taxes would secure (i.e. support) the repayment of the bonds (debt) issued to purchase the property, the taxes would need to be in place at least for the full term of the bonds, which is expected to be 30 years.

If the referendum is successful, can the new taxes be used to acquire other open space parcels besides Crebilly Farm?

Technically, yes. Revenue from the new taxes would be deposited into a new open space fund that could be used for any of the purposes listed in the ballot question, including acquiring

other open space parcels within the Township. However, in order to secure the open space bonds over 30 years and have enough funds left over to properly maintain Crebilly Farms post-acquisition, it is not anticipated that there will be left over money available to acquire other parcels in the Township until after the debt service is retired.

Why can't the Township pay for the acquisition of Crebilly Farm from existing taxes that we already pay?

Existing tax dollars are already accounted for to pay for critical Township services, including but not limited to police and fire services, road paving and plowing, storm water management, code enforcement and park maintenance.

What will prevent the open space revenue from being used for other purposes?

Pennsylvania Act 153, which governs such open space funds, requires that the funds may not be used for any purpose other than the preservation of open space. The Act also allows for a portion of the funds to be used to maintain properties acquired with the preservation funds. Further, the funds will be accounted for in a separate, auditable "Open Space" account in the Township's financial records.

Will farming still be permitted?

The state and federal grants that Westtown is applying for do not permit agricultural uses. These restrictions are mandated by state and federal law and are not something that the Township controls. However, the private property owners who purchase the eased parcels would still be permitted to farm their land.

What role is Natural Lands playing in this process?

Westtown Township is fortunate to have partnered with Natural Lands, one of the pre-eminent land trusts in the United States. Natural Lands is actively applying for county, state and federal grants and facilitating private fundraising to acquire Crebilly Farms on the Township's behalf. It is also advising the Township and the property owner on many of the specific details of the transaction. In addition, the conservation easement agreements will legally be between Natural Lands and the property owners. However, once the acquisition is complete, Natural Lands will have no ownership interest in Crebilly Farms.

Who will maintain Crebilly Farms after the acquisition is complete?

Westtown Township will own and be responsible for maintaining the 208 acres of open space once the acquisition is complete. Maintenance for the remaining 104 acres of eased land will be the responsibility of those individual property owners.

Update as of September 6, 2022: as noted above, the 208 acres that the Township would acquire has been reduced to 206 acres and the 104 acres to be eased has been reduced to 102 acres, as a result of a recent land survey.

Aren't there existing structures on Crebilly Farms? What will happen to them?

There are three structures on the 208 acre purchase area: 1) the Darlington Inn at the corner of Route 202 and 926; 2) a house along Route 926 between Caleb Drive and Bridlewood Drive; and 3) a house with a small detached garage in the interior of the property to the southwest of the Westminster Presbyterian property. While the Darlington Inn is listed on the Township's historic resources inventory and is in good condition, the remaining two properties would need to be torn down, as they could pose a safety threat.

In addition, there are a number of existing structures on the 104 acres that will have conservation easements, including a barn, stables, residences and a chapel. It is anticipated that most of these structures will remain, subject to the conditions of the individual conservation easement agreements between Natural Lands and the private property owners.

Update as of September 6, 2022: as noted above, the 208 acres that the Township would acquire has been reduced to 206 acres, based on the recent land survey.

Where was the Battle of the Brandywine fought in relation to Crebilly Farm?

The Chester County Planning Commission has identified an area known as the "Battle of the Brandywine Swath" across the western portion of Westtown Township where the Battle of the Brandywine may have been fought in September 1775. The "swath" extends across the western half of Crebilly farm, and it is believed that there were both British and Hessian troop movements in this area.

The majority of the section the Battle of the Brandywine Swath on Crebilly Farms run through the 104 acres of land that will have conservation easements on them and will remain as private property. However, about 40 acres of the swath extend into the western portion of the 208 acres that the Township would acquire, should the referendum be successful.

Update as of September 6, 2022: as noted above, the 104 acres to be eased has been reduced to 102 acres, based on the recent land survey.

What other Chester County townships have dedicated open space taxes?

A number of other Chester County townships have dedicated open space taxes that have been approved via a referendum, including Willistown, East Bradford, West Bradford, Charlestown, East Brandywine, New Garden and Kennett townships.

What position is Westtown Township taking on the referendum?

While individual elected officials may advocate for or against the open space tax referendum, the Township collectively takes no position on the referendum. The referendum is an example of one of the few questions that Pennsylvania law permits its residents to vote on directly at the ballot box. The Township's role is therefore to provide objective, fact-based information to voters so that they can make an informed decision in November. However, the Township will

not contribute local taxpayer funds to advocate for or against the referendum and will remain neutral throughout the process.

I still have a number of unanswered questions. Who can I speak with for more information?

Please don't hesitate to contact Jon Altshul, Westtown Township Manager, at 610-692-1930 or by email at jaltshul@westtown.org.