

Somerville Community Preservation Act Program FY26 Fall Report

Available Funds

The funds available for FY26 are based on the estimated revenue from the local CPA property tax surcharge and the projected state match of the prior year's local revenue, which is typically received in the late fall. Estimated funds are appropriated in June, and placed into the program area reserve accounts following the funding distribution determined by the Community Preservation Committee. In FY26 the new surcharge rate of 3% adopted by Somerville voters in the November 2024 election went into effect. However, as a measure of caution, City Council was instructed to apply the previous 1.5% surcharge for the first half of the FY26 fiscal year. A corrected budget was approved by City Council on 11/25/2025 which appropriates the estimated revenue applying the 3% surcharge for the full year. Moreover, the corrected budget incorporates the actual state match received in November, 2025, rather than the original estimated amount.

Table 1: FY26 CPA Revenue as Updated 11/25/25

Estimated New Revenue	
Surcharge revenue (1.5% Q1-2, 3% Q3-4)	\$6,669,869
Actual State Match	\$590,312
Total	\$7,260,181

(Previously Estimated \$510,726)

Appropriations and Reserves		Distribution	Debt Service	Total Available for FY26 Projects
Admin and Operating Expenses of Committee	\$290,407	4.0%		-
Open Space and Recreation Reserve	\$1,306,833	18.0%	\$0	\$1,306,833
Historic Resources Reserve	\$943,824	13.0%	\$128,394	\$815,430
Community Housing Reserve	\$3,993,099	55.0%	\$594,888	\$3,398,211
Budgeted Reserve	\$726,018	10.0%		\$726,018
Total	\$7,260,181		\$723,281	\$6,246,491

Although the additional surcharge was not collected on the estimated tax bills for the first two quarters of the fiscal year (following state-defined assessing practices), the 3% surcharge amount will be owed for the entire year, which means that the new surcharge will be doubled up in the last two quarters. Property taxpayers will see a larger surcharge on their bills covering January through June 2026, after which they will go back down to 3% going forward.

Undesignated Fund Balance

CPA funds that have not been appropriated to the above categories are held in the Undesignated Fund Balance, where they are carried forward each year if not appropriated and spent. Revenue estimates used in budgeting aim to be conservative, so that the actual revenue received over the fiscal year is typically greater than the estimated revenue that was appropriated in the spring. This unappropriated revenue remains in the Undesignated Fund Balance. Unused Administrative Funds and Budgeted Reserve funds are also returned each year to the Undesignated Fund Balance.

Table 2 shows the funds that were added to the Undesignated Fund Balance in FY25. Additional FY25 income includes surplus assessment revenue and other miscellaneous local revenues totaling \$574,115. The state match received in FY25 was \$580,603, which exceeded the budgeted state match by \$166,403. Revenues that are not appropriated before December 1 remain in the Undesignated Fund Balance and cannot be used until they are certified the following fiscal year. This means that a minimum of \$740,518 must be held in the Undesignated Fund Balance until certified next year.

Funding Source	Amount
Assessment revenue difference	\$449,468
Tax title redeemed (liens)	\$5,447
Tax title interest	\$1,965
CPA interest	\$7,585
Investment income (CPA)	\$109,650
State Match difference	\$166,403
Unappropriated FY25 Revenue	\$740,518
Unspent FY25 Administrative Funds	\$57,992
Unspent Budgeted Reserve Funds	\$0
Total Added to Undesignated Fund Balance FY25	\$798,510

The Budgeted Reserve funds were entirely spent on projects in the FY25 funding round. However, \$57,992 in unspent Administrative funds were returned to the Undesignated Fund Balance. Since these funds had previously been appropriated before they were rolled back into the UFB, there is no restriction on when they can be used.

The Undesignated Fund Balance may be carried over from year to year or spent on eligible projects in any of the three program areas. Table 3 shows projects that were funded in FY25 by drawing from the UFB, which had a total of \$1,769,204 at the start of FY25.

Table 2: FY25 Expenditures from Undesignated Fund Balance

Project	Undesignated Fund Grant
FY25 Housing Adjustment	\$346,492
Dilboy Auxiliary Fields – portion of FY25 contribution	\$55,631
ArtFarm – portion of project funding approved in FY25	\$174,776
Kennedy Schoolyard – all of FY25 contribution	\$200,000
Total Undesignated Fund Expenditure in FY24	\$776,899

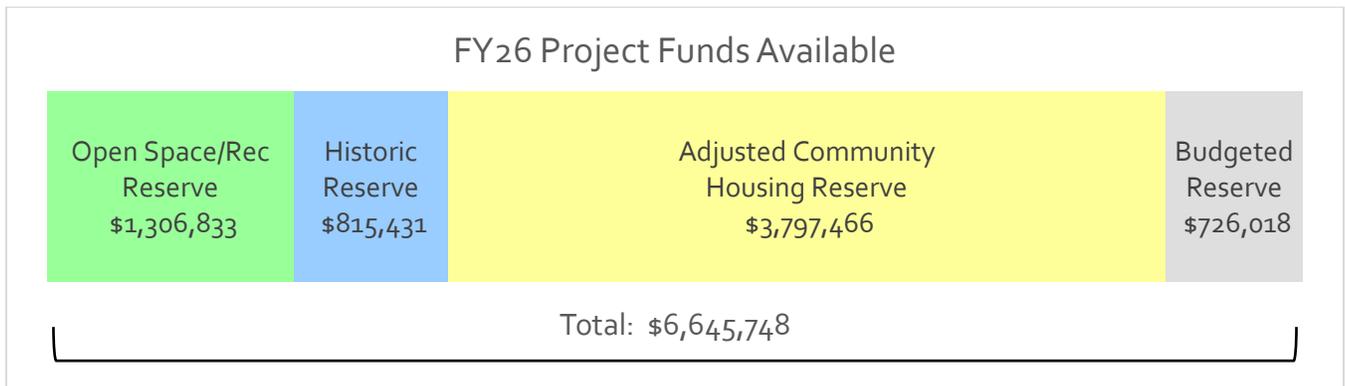
Adjusted Housing Appropriation

As long as a minimum of 10% of each year’s revenue is spent in each program area, the CPC has discretion to use funds carried over in the Undesignated Fund Balance in any program area on an as-needed basis. Somerville’s CPC elects to commit a minimum distribution to each of the program areas each year, which was increased to 55% in FY26, from 50% in FY25. Debt service for bonded affordable housing projects is subtracted from the overall distribution, and the balance is added to the Community Housing Reserve. Since the CPC has delegated to the Somerville Affordable Housing Trust the management of funds for Community Housing, the transfer of funds from the Undesignated Fund Balance to match the annual Community Housing distribution of unappropriated funds from the prior fiscal year will maintain the intended share of distribution to Housing.¹

Table 3: Affordable Housing Trust Adjusted Appropriation

	Amount	Unappropriated FY25 Revenue	FY25 Housing Share
Housing Share of Unappropriated FY25 Revenue (Transfer from UFB)	\$399,255	\$798,510	50%
FY26 Corrected Housing Reserve Allocation	\$3,398,211		
Total AHT Distribution for FY26	\$3,797,466		
Less FY26 Initial Appropriation to AHT	(\$2,630,071)		
Recommended Additional Appropriation to AHT	\$1,167,395		

With the adjustment for Community Housing, Figure 1 represents the total current year program funds available in FY26.



Funds Carried Over from Prior Years

In addition to the current year revenues, Somerville’s CPA program has funds carried over from previous years, both in the program area reserves and in the Undesignated Fund Balance (UFB). At the CPC’s discretion, some of the carried-over funds may be made available for current year funding round projects, off-cycle applications, or may continue to be carried over for future use. (Carried-over

¹ A similar adjustment for Historic Preservation and Open Space and Recreation isn’t needed because the CPC has discretion to use the Undesignated Fund Balance tow either of these program areas as needed.

funds cannot be used for Administration.) Maintaining a balance in the UFB has allowed the CPC flexibility to manage cash flow and to accommodate unforeseen circumstances.

Program area funds are carried over in the program area reserve if they are not committed in the fiscal year in which they were budgeted. Funds are also returned to the program area from which they were originally appropriated after a project closes out under budget or is cancelled. Funds that are returned to program area reserves are immediately available to spend on other projects.

The UFB is the remainder of CPA funds that are not in the five “buckets” that are appropriated in the CPA budget. Money may also be added to the UFB in the following ways: 1) as mentioned above, any additional revenues that have not been appropriated into the program area reserves remain in the UFB; and 2) unspent Administrative funds and Budgeted Reserve funds are transferred to the Undesignated Fund Balance at the end of each fiscal year.

Table 6 shows the funds that have been carried over from prior years. Some UFB funds have already been reserved and are not currently available. The CPC recommended funding for restoration of the Adams Magoun House in FY23 which has not yet been submitted to City Council. The recommended FY26 housing adjustment is also subtracted from available UFB funds. As with the UFB, it is best practice to leave a margin in the program area reserves; thus the small amount of excess funds closed out from recent projects is not included in the available carried over funds for FY26.

Table 4: Funds Carried Over from Prior Years

	Undesignated Fund Balance	Open Space/ Recreation Reserve	Historic Preservation Reserve
Funds carried over into FY26	\$1,769,204	\$0	\$42
Funds recently returned after project closeouts		\$6,144	\$0
Committed to Adams-Magoun House	\$(150,000)		
FY26 Housing Adjustment	\$(399,255)		
Available Carried Over Funds	\$1,219,949	\$0	\$0

Project Updates

The following projects funded in previous grants are currently in progress:

Site	Funding Year	Status
Somerville Hispanic Association for Community Development	FY 21, 22, 23	Under construction. Anticipated completion by year end.
Somerville Museum	FY24, 25	Artifact preservation underway
Elizabeth Peabody House	FY23	Window restoration nearly completed
City Hall Clock Tower Restoration	FY24	Restoration nearly completed
Just A Start	FY24	Anticipate window removal by end of year
Elizabeth Peabody House	FY25	Siding restoration not yet started
SCLT 12 Pleasant Ave Restoration	FY25	Awaiting grant agreement, permitting and funding
Dilboy Auxiliary Fields Design	FY18, 25	Construction oversight nearly completed
Kennedy Schoolyard	FY19, 24, 25	Design nearly completed, seeking funding for construction
Somerville Junction Park	FY22, 23	Construction nearing completion
217 Somerville Ave	FY23	Construction nearing completion
Blessing of the Bay Linear Park Design	FY23	Design underway
Nunziato Field	FY25	Construction underway
Quincy Street Park	FY25	Construction underway

In addition, CPA funds have been appropriated for future use for projects or purposes which have not yet been implemented:

Purpose / Amount Held	Funding Year	Status
Open Space Land Acquisition Fund / \$800,000	FY20, 21, 22	Awaiting opportunity
Land Acquisition Study Fund / \$40,000	FY17	Can support due diligence for OS Acquisition opportunities
Blessing of the Bay Park Construction / \$426,925	FY24	Awaiting completion of design and to obtain funding and permitting
ArtFarm / \$542,675	FY25	Completing underground infrastructure and seeking funding to initiate construction

The following projects have been completed and closed out within the past year. Some of the projects were completed under budget, in which case the CPA funds are returned to the reserve from which they were originally awarded.

Purpose	Category	Funding Year	Funds Returned
404 Broadway Vida Real Condition Assessment	HP	FY24	\$0
Elizabeth Peabody House Structural Assessment	HP	FY22	\$42
Somerville Museum Storage Area Improvement and Collection Care	HP	FY22, 23, 24	\$0
Somerville Veterans Cemetery Assessment	HP	FY25	\$0
Henry Hansen Park	OS/R	FY17, 23, 24	\$1,681

A full list and status report of the projects funded in all of the previous CPA grants is provided in Appendix 1.

Off-Cycle Applications

Somerville’s Community Preservation Committee occasionally receives applications for funds outside of the regular application cycle, when there is some emergency or extraordinary request which cannot wait until the regular application cycle is completed. In FY25, for example, the CPC received off-cycle applications to expand funding for the Kennedy Schoolyard Design project and to replace contingency funding to complete the Dilboy Auxiliary Fields construction. No off-cycle requests have been submitted to date in FY26.