



CITY OF SOMERVILLE, MASSACHUSETTS
KATJANA BALLANTYNE
MAYOR

To: City Council
From: Mayor Katjana Ballantyne
Date: July 9, 2024
Subject: Proposal to increase the CPA surcharge to 3%

When Somerville voters overwhelmingly adopted CPA in 2012, they recognized the value of investing in a community vision. Since the first round of funding distributions in FY15, Somerville has committed over \$35M to projects that create affordable housing, make accessible public spaces, preserve historic assets and upgrade their accessibility, and expand open space and recreation opportunities.

Over 10 years, the CPA program has proven its worth. Major accomplishments include \$18M contributed to the Affordable Housing Trust, much-needed accessibility and life-cycle upgrades to community buildings, expansion of green space, and improvements to parks and schoolyards throughout the city. Residents of the 100+ affordable housing units created with CPA funds, and users of the West Branch Library and the Healey schoolyard are just some of our neighbors who can attest to the program's success.

CPA has been a great revenue generator for Somerville. Almost \$24M in local CPA surcharge revenue has brought in close to \$7M in distributions from the state since 2014, and **CPA has leveraged \$18 from other funding sources for every \$1 invested in affordable housing construction.** In addition, CPA spending for affordable housing assistance programs, open space, recreation, and historic preservation have been matched \$1:\$1 with funds from grants, foundations, federal/state earmarks, and private donors.

The CPA enabling legislation, MGL c.44B allows communities to raise revenues through a surcharge of 0.5% to 3% on local property tax bills plus state matching funds that are distributed proportionally via the state's CPA Trust fund. When CPA was adopted in 2012, Somerville elected a 1.5% surcharge with exemptions for the first \$100,000 property value of all properties. **Low-income households and low- and moderate-income seniors can also apply for full exemption from the CPA surcharge.** Increasing the surcharge to the maximum 3% is projected to increase local revenue from approximately \$3M to \$6M per year and would qualify Somerville to receive increased matching state funds. Increasing CPA revenue will also raise the capacity for bonding for CPA-eligible projects that meet essential community needs. The following is an estimate of the impact of a CPA surcharge increase to residential and commercial properties.



Estimated Annual surcharge payment for properties with residential exemption*						
	Condo	1-Family	2-Family	3-Family	4-8 Family	Commercial (example, not average value)
Average Property Value FY24	\$726,322	\$1,074,198	\$1,109,398	\$1,330,972	\$1,867,932	\$1,000,000
Average Annual FY24 CPA Surcharge (Existing 1.5%)	\$38.03	\$92.92	\$98.48	\$133.44	\$218.18	\$245.70
Estimated Annual CPA Surcharge (Potential optimized increase to 3%)	\$76.06	\$185.85	\$196.96	\$266.89	\$436.35	\$491.40
Change in Annual CPA Surcharge from existing to 3%	\$38.03	\$92.93	\$98.48	\$133.45	\$218.17	\$245.70
Monthly impact of Surcharge change	\$3.17	\$7.74	\$8.21	\$11.12	\$18.18	\$20.48
*Assumes residential average tax value minus \$100,000 automatically exempted. Surcharge estimated as if property is receiving residential exemption.						

As the above table shows:

- The average owner-occupied condo receiving the residential exemption would see an annual increase of \$38.03 for the year, or \$3.17/month bringing their total CPA surcharge to \$76.06 per year, or \$6.34 monthly
- The average owner-occupied single-family receiving the residential exemption would see an annual increase of \$92.93 for the year, or \$7.74/month bringing their total CPA surcharge to \$185.05 per year, or \$15.42 monthly.

Low-income homeowners and low-to-moderate income seniors can apply for full exemptions from the CPA surcharge. In 2024, the household incomes eligible for full exemptions would be as follows:

Household Size	ONE	TWO	THREE	FOUR	FIVE	SIX
Low-income homeowners (80% of AMI)	\$91,200	\$104,200	\$117,250	\$130,250	\$140,700	\$151,100
Moderate income seniors (100% of AMI)	\$114,200	\$130,60	\$146,900	\$163,200	\$176,300	\$189,400

The Community Preservation Committee evaluates community needs annually, and prudently awards CPA funds to grant applications that align with expressed goals and priorities for affordable housing, open space/recreation, and historic preservation. Funding requests surpass available CPA revenue each year. Meanwhile, market pressures are impacting all three program areas – increasing land and construction costs drives the need for public investment in affordable housing and community spaces, and simultaneously raises the cost of projects. Increasing CPA will put the City in a better position to respond to these pressures. Again, our community showed great commitment to fund these areas with its overwhelming passage of CPA in 2012. Placing a CPA increase to 3% on the ballot would let the community once again decide whether to build more capacity to meet a compounding back-log of essential needs—while still offering strong exemption levels to avoid impacts to low-income residents and low-to-moderate income seniors.

CPA in Somerville – Building a Community Vision

In the FY25 program year, the Somerville Community Preservation Committee (CPC) is celebrating 10 years since its first funding distribution. In this time Somerville has committed over \$35M to projects that create affordable housing, make public spaces accessible, preserve historic assets and improve their accessibility, and expand open space and recreation opportunities. Details about Somerville’s CPA program can be found in the annual [Community Preservation Plan](#).



The CPC partners with the Somerville Affordable Housing Trust to administer CPA funds for Community Housing. About half of CPA funds have been spent in this category, including \$10M bonded to support the 100 Homes Project and Somerville Housing Authority’s Clarendon Hill redevelopment project, as well as the adaptive reuse of Mystic Waterworks for low income senior housing. CPA funds have contributed to the creation of over 80 affordable housing units so far, and over 150 additional units that are in the pipeline. CPA funds also support housing assistance programs administered by partner organizations such as the Somerville Homeless Coalition, Somerville Community Corporation, and Community Action Agency of Somerville. Affordable housing continues to be identified as a critical need, and the AHT is working with community partners to construct new units and address housing stability for Somerville residents.



CPA funds preserved one of Somerville’s most iconic landmarks, the tower at Prospect Hill Park. However, the most significant historic preservation projects have been to make much-needed upgrades to community buildings, including the installation of elevators for accessibility at the West Branch Library, Somerville Museum, Temple B’nai Brith, and the Somerville Hispanic Association for Community Development, and life-cycle upgrades at the Elizabeth Peabody House. Funds have enabled the City and nonprofit organizations to provide accessible space for cultural offerings, affordable childcare, and services to vulnerable residents. Facilitating safe and accessible indoor spaces for nonprofits, public services, and community uses has been identified as an essential community need.



With CPA funding, major improvements have been completed at Winter Hill, West Somerville, Brown, and Healey schoolyards as well as Allen Street and Hoyt Sullivan playgrounds; planning and design are currently getting underway for the Kennedy Schoolyard. CPA has helped to expand and design new open space at Glen Park, Lou Ann David Park, 217 Somerville Ave, Junction Park, and the construction of a new multi-use path along the Mystic River, which also entails an expansion of Blessing of the Bay Park. CPA funds help to implement the City’s Open Space & Recreation Plan, Pollinator Action Plan, Urban Forest Management Plan and the Somerville Climate Forward Plan to provide healthy, resilient spaces and adapt to the impacts of climate change.