

**AN ACT AUTHORIZING MUNICIPALITIES TO OFFER
FINANCIAL INCENTIVES FOR RENTAL SUBSIDIES TO
TO OWNERS OF AFFORDABLE HOUSING**

House Bill No. 447

1999 APR -1 P 2:29

A Section by Section Summary

OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS

Section 1

This section describes the nature of the emergency giving rise to the proposed legislation and declares that the bill is in the public interest.

Section 2

This section defines three terms used in the bill.

(A) This paragraph defines the types of governmentally-involved housing covered by the bill. The definition includes the so-called federal "expiring use" buildings, as well as other types of buildings, like buildings with Section 8 unit-based subsidies, those with Mass. Housing Finance Agency mortgages and/or subsidies, and those with HUD insured mortgages and HUD regulated rents. This section also lists seven (7) exemptions from the definition. The exemptions include small (i.e. four family) buildings, public housing units, and recent or future governmentally involved buildings. The bill also authorizes the locality to exempt, from rent regulation, a specified percentage of buildings if there is just cause for doing so.

(B) This paragraph defines formerly governmentally-involved housing as that which had government involvement as of July 1, 1994, but which was no longer governmentally involved after that date.

(C) This paragraph defines low income as 80% of median income, which is consistent with the standard the federal government uses for eligibility for many of its subsidized rental housing programs.

Section 3

(A) Under this paragraph, the locality regulates rents for certain governmentally involved or formerly governmentally involved housing units once the federal or state regulation ends and so long as the emergency (described in Section 1) exists. (The reference to section 6 of Chapter 708 of the Acts of 1966 is to the statute governing Massachusetts Housing Finance Agency's rent determinations).

(B) Under this paragraph, the locality establishes the maximum rents for the covered units such that the owner receives a fair net operating income.

Section 4

This section prohibits evictions from the covered housing units unless the owner has one of the nine (9) listed reasons. The last reason is a general catch-all of "other just cause." In Massachusetts, a landlord may evict a tenant without just cause (and without any cause) if there is no lease.

Section 5

This section prohibits the owner from removing covered housing from the low-income rental market and converting to some other use, like condominiums, commercial space, parking garage, or luxury apartments, without first obtaining permission from the locality or its designee. The permission may contain conditions (like a certain number of units must remain affordable to low income tenants) and may permit sales to non-profit organizations and others who will maintain affordable units.

Section 6

Under this section, the owner of the covered housing must apply for, and accept, rental subsidies if available to assist in maintaining affordable housing. State and municipal agencies must assist the owners in identifying such resources.

Section 7

Under this section, the locality establishes occupancy standards for covered housing units upon turnover. This means that, for example, the locality may designate some units for the elderly, the handicapped, tenants paying over 50% of their income for rent, local residents, very low income persons, or the like, with the owner still screening and selecting tenants within the locally designated categories. This permits each locality to target the affordable housing to those most in need. (Occupancy standards had been set by the federal or state governments for many of the covered housing units).

Section 8

This section authorizes the locality or its designee to make rules, regulations, and orders necessary to implement the bill. It also authorizes the locality or its designee to grant exemptions from the bill where such exemption would maintain or increase the affordable housing supply.

Section 9

This section authorizes the locality or its designee to hold hearings on rent setting, removal from the rental market, and other matters. Such hearings must be conducted under the state Administrative Procedures Act (Chapter 30A). The Administrative Procedures Act provides uniform due process standards for various state agencies.

Section 10

This section permits any aggrieved person to appeal the locality or designee's decision or regulation to the District or Superior Court (or Housing Court for those jurisdictions with such a court) within 30 days. The courts would review the decision based on the record and would not re-hear the case. The courts would also have jurisdiction to prevent violations of this law.

Section 11

This section prohibits a person from violating the bill and any regulation or the like adopted pursuant to the bill. For a first offense, the maximum penalty is a \$400 fine and 90 days imprisonment. For repeated offenses, the maximum penalty is increased to \$2000 fine and one year imprisonment.

Section 12

This section provides the mechanism for local adoption of the bill by the governing body and then the voters in each locality. The city council or the like must vote to place the bill on the official ballot of a regular election. If it is then placed on the ballot, the voters decide whether or not to adopt the bill by a majority vote.

Section 13

This section provides that if a locality adopts the bill, then it accepts responsibility for any legal action which may result.

Section 14

This section provides that if one portion of the bill is held invalid by the court, then the remaining portions are still valid.

1999 APR -1 P 2:30
OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS

1999 APR -1 P 2: 29

OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS

Mayor Francis Duehay
Cambridge City Council
Cambridge, MA 02139

March 30, 1999

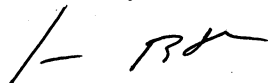
Dear Mayor Duehay,

I am writing to let you know the time and date of our pending hearing on state legislation, **H447: An Act Authorizing Municipalities to Offer Financial Incentives to Owners of Affordable Housing**. The hearing date is confirmed for **Monday, April 12, 1999 at 10:00am in hearing room B-1**, before the Housing and Urban Development Sub-Committee. Your participation is critical!

In the past, the support of eight of our nine City Councilors has made quite a favorable impression on the HUD Committee members. Your presence, along with that of your colleagues in the Community Development Department, will indeed be a powerful delegation from Cambridge on this critical issue for our community. I trust you will agree. I leave it to yourself and your colleagues on the Council to determine whether you will present individual testimony, submit something in writing, or perhaps sign on to some jointly created document with Community Development. Please let me know what your intentions are in this regard.

Thank-you for your continued level of dedication to this process. I would greatly appreciate a phone call confirming your ability to attend the hearing. As always, if you are in need of any additional information preparatory to the hearing, do not hesitate to call.

Sincerely,



Laura Booth
Director of Community Services

ps. I have enclosed a section-by-section summary of the legislation for your perusal.

1999 APR -1 P 2:29
OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS



2605
Comm. & Rpts Other Officers
#7

A communication received from Mayor Duehay, transmitting a letter from Laura Booth, Director of Community Services, CEOC, regarding a pending hearing on State Legislation, H447 scheduled for Monday, April 12, 1999 at 10:00 in hearing room B-1.

In City Council April 5, 1999

PLACED ON FILE