



CITY OF SOMERVILLE, MASSACHUSETTS
KATJANA BALLANTYNE
MAYOR

Honorable members of the City Council,

As you know, the City of Somerville has one of the strongest condominium conversion ordinances in the Commonwealth. This ordinance included both a tenant and city right to purchase. This tool was designed to enable the city and local partners to support and stabilize residents at risk of displacement due to condominium conversion.

This ordinance was challenged and the recent Superior Court decision- Stephen Bremis, et al. v. City of Somerville- invalidated the right to purchase section of the Somerville Condominium Conversion Ordinance. All other sections of the ordinance were upheld, making this decision a win overall.

I have decided not to appeal the decision to the Appeals Court for the following reasons:

Right to Purchase Barriers:

- 1) The units being offered for purchase are required to be provided at a price based on the 'as is' condition of the units. However, many applicants are speculative developers, rather than long-term owners. These developers often have different priorities than long-term owners, with many of the units offered for purchase at market prices that are so high they are not feasible for purchase by current occupants. Additionally, condominium units being priced and sold individually generally are more expensive than purchase of a property as a multifamily. For example, a listing may show the sales price of a 2-unit property when it sold from a long-term owner to developer at \$1.1M, while the *per unit* offer just a few months later is around \$800K.
Based on the offers received and reviewed by staff during almost three years of ordinance administration, the amount of subsidy needed to make a condominium purchase would be far above what is feasible.
- 2) This right to purchase was conceived with the intention of having local affordable housing partners designated by the City to act on offers and make purchases. While there have been some expressions of interest in becoming a designee, no local partners have taken the necessary steps required to formally do so – mainly due to the exceptionally large amount of subsidy that would be needed. As such, there is no available partner to accept an offer, even if one was made for a feasible price.



Existing and New Anti-Displacement Tools:

- 3) The 100 Homes Program, funded by the City and managed by Somerville Community Corporation (SCC), has recently accessed additional resources in the form of staff support to resume its work purchasing selected properties in order to preserve existing tenancies and develop new affordable units. The 100 Homes Program has a proven track record of preserving at-risk tenancies, and thereby preventing displacement, through the purchase of properties prior to condominium conversion. For this reason, the program has required comparatively less subsidy than condominium purchases would.
- 4) The first ever newly created Somerville Early Acquisition Fund through the Affordable Housing Trust Fund will serve as a vehicle to position affordable housing partners to compete successfully on the open market, versus waiting for a sale to be offered by a speculative developer during the conversion process.

All pertinent departments including the Office of Housing Stability and Housing Division were consulted and advised on this decision.

Sincerely,

A handwritten signature in blue ink that reads "Katelyn Ballantyne". The signature is written in a cursive style with a large, stylized 'K' and 'B'.

Mayor

City of Somerville