



## CITY OF SOMERVILLE, MASSACHUSETTS CLERK OF COMMITTEES

April 4, 2018

### REPORT OF THE LEGISLATIVE MATTERS COMMITTEE

Attendee Name	Title	Status	Arrived
Mark Niedergang	Chair	Present	
Lance L. Davis	Vice Chair	Present	
Mary Jo Rossetti	Alderman at Large	Present	
Matthew McLaughlin	Ward One Alderman	Present	
Katjana Ballantyne	Ward Seven Alderman	Present	
Jefferson Thomas ("J.T.") Scott	Ward Two Alderman	Present	
Ben Ewen-Campen	Ward Three Alderman	Present	
Jesse Clingan	Ward Four Alderman	Present	
William A. White Jr.	Alderman At Large	Present	
Stephanie Hirsch	Alderman At Large	Present	
Wilfred N. Mbah	Alderman at Large	Present	

Others present: Tim Snyder - Mayor's Office, Peter Forcellese - Legislative Clerk.

The meeting took place in the Aldermen's Chamber and was called to order at 6:10 PM by Chairman Niedergang and adjourned at 10:41 PM.

This meeting was recorded and is available for viewing on the city's website at <http://somervillecityma.iqm2.com/Citizens/SplitView.aspx?Mode=Video&MeetingID=2671&Format=Agenda>

#### Public Hearing - 204954

#### **204954: Requesting approval of a Home Rule Petition to authorize the City to impose a Real Estate Transfer Fee.**

Chairman Niedergang convened the public hearing and informed the audience that speakers would be alternated (for / against) and that each speaker would be allotted 2 minutes to make comments. In addition, aldermen will not be responding to questions, to provide more time for members of the public to speak. The Legislative Matters Committee has held five meetings to discuss this item and made several changes to it since the initial version of this proposal was introduced this past January. Two additional committee meetings are scheduled for next week where it is expected that this item will again be discussed and possibly voted on by the committee. The proposal, as it stands at the present time, is available online at [www.somervillema.gov/transferfee](http://www.somervillema.gov/transferfee) <<http://www.somervillema.gov/transferfee>>.

The Board of Aldermen's (BOA) consideration of this petition is just the first step in a long process. If the Home Rule Petition (HRP) is approved by the BOA, it will move onto the state legislature for approval. If that approval is granted, the BOA would then craft an ordinance to impose the fee. At that point in the process, there would be additional issues to debate and resolve. In order for this HRP to have a chance of securing the legislature's approval this year, it needs to be submitted this month.

Mr. Snyder spoke briefly about the HRP process and stated that if the petition is approved by the legislature, nothing in it may be changed unless it first goes back to the legislature, e.g., if an exemption is included in the approved petition, it may not be removed without the legislature's approval. That, however, does not preclude additional exemptions from being added. The components of this HRP are as follows:

Section 1 - preamble

Section 2 - provides the ability for the city to tax properties

Section 3 - requires evidence that the fee has been paid before a sale may proceed

Section 4 - exemptions

Section 5 - allows for additional exemptions to be added

Alderman Ballantyne reminded everyone that no vote would be taken on this item at this meeting.

Chairman Niedergang stated that the record for this item would remain open to receive written testimony until Friday, April 6, 2018 at 5:00 PM.

The Chair began the comment portion of the public hearing by asking those current and former elected officials who were present to speak. Speakers were asked to identify themselves and to state where they live. There were approximately 112 individuals who spoke on this item and their comments are summarized below. The sign-up sheets showed 130 people in favor and 97 opposed.

### **In Favor**

Representative Michael Connolly spoke about the present housing crisis, saying that tools are needed to help fund affordable housing and (AH) projects. He stated that the city's legislative delegation supports the HRP and he noted that Cambridge and Nantucket have gone on record saying they want transfer fees in their communities. Former Alderman Helen Corrigan stated that there is a huge need for AH and noted that the city is losing many people due to market conditions. She favors having no exemptions included in the petition and thinks that the fee should be 1% from anyone who profits from the sale of their home and 1/2% for seniors.

Others who spoke in favor of the petition commented on the substantial increases in real estate values over the past several years with some saying that home ownership is a distant dream for many in this city and that this tax is a small price to pay to help others achieve their dreams. Some felt that the transfer fee would not be a deterrent to purchasing a home nor is it a threat to homes and homeowners.

There was no clear consensus on the exemption issue as several people favored limited or no exemptions while others supported hardship exemptions or tying the fee to one's ability to pay. Some felt that a 20-year exemption would incentivize people to remain in the city while others thought that it should be removed.

The real estate market is the ultimate dividing force in Somerville and people are losing housing every week and many said that the city needs to stop the displacement and maintain its diversity so that it doesn't become a place where only the wealthy live. The city is changing and will continue to do so, therefore, it's important that the funds raised by this fee be used to preserve the community. Some people who rent in the city said that they would gladly absorb additional fees through their rent to pay the fee. Others believe that the fee would help artists and immigrant families.

Some commented that the city could never build enough affordable housing to meet the demand, adding that this HRP is just one small step in addressing the affordability problem. Some expressed displeasure with the percentage of affordable housing being built in some developments, especially at Assembly Square.

Many speakers reminded the aldermen that they were elected, in part, due to their support of affordable housing during their recent campaigns. A few speakers said that they would be happy to pay the tax if they could afford to buy a home here and one person stated that the city needs rent control.

Some concern was expressed about making sure that Somerville residents receive the benefits from this HRP since the Affordable Housing Trust Fund manages state and local money, thereby preventing them from restricting the program to Somerville residents only. Some speakers, hoping that the fund would do as much as possible to combat the housing costs that are contributing to economic segregation and driving people out, asked how the city can build a sense of community given the amount of people leaving.

Somerville is a victim of its own success and this HRP should be about reinvesting in the community to make a better community of homeowners and renters and helping to heal the divide between the old and new Somerville. The committee members were urged to be thoughtful about this matter, but to act expeditiously.

## **Opposed**

Former Alderman Jack Connolly believes that the process is flawed since there has been no discussion about enforcement and some other key issues which he feels should be resolved first. He thinks that the process is being rushed and that there has not been enough of an effort to get the participation of taxpayers and property owners and to provide enough education on the matter. Former Alderman Andrew Puglia stated that the item should be placed on the ballot for a referendum vote, since the impact will be breath taking. Former Alderman and Former State Representative Vincent Ciampa said that not all HRP enjoy clear sailing through the legislature. He said that there are a lot of hidden numbers in the proposal and asked what the income projection was, which community the BOA was trying to satisfy, where the figures were coming from and how much money was currently in the Affordable Housing Trust Fund. He recommended that Section 5 be stricken from the HRP as it leaves an open door for future changes.

Several individuals spoke about the seemingly never-ending ways that the city finds to burden property owners, e.g., the CPA tax, water/sewer base rate fees, bonds for Assembly Square, Union Square and the \$50 million given for the GLX. This HRP is asking too much of the taxpayers while providing no service to the homeowner. Sentiments expressed were that the BOA has let taxpayers down and made them victims of prosperity, adding that home owners should not be penalized for living here. Residents were told that taxes would go down as a result of the development at Assembly Square, but that hasn't been the case.

Several people stated that they are helping with the affordable housing issue by renting apartments at below market rates but the imposition of this tax will cause rents to go up, thereby shrinking the supply of affordable housing units.

Several people spoke about working multiple jobs to purchase a home and don't believe that it's right for them to be taxed on it should they decide to sell, since many of them would be relying on the proceeds for their retirement years. They questioned why they should be made to pay for someone else's housing. Some explained how selling their homes in Somerville allowed them to buy a larger home in the city and said that if this fee were imposed, they couldn't have done that.

Many individuals spoke about the process, saying that it was disrespectful and cowardly to not notify everyone of the public hearing meeting, adding that the BOA and the mayor cannot not be trusted if the details of the proposal aren't provided. The BOA was urged to start fighting for fiscal accountability and asked why they weren't advocating for long-time residents. One speaker commented that it wouldn't kill them (BOA) to help the people who live here instead of the developers.

A major complaint was the city's lack of addressing the affordable housing issue previously, considering that it helped to create the problem by allowing developers to reduce the number of affordable units they are required to build and by allowing so many condo conversions, which ultimately reduced the affordable housing stock. Nothing has been put forth by the city regarding how it might stop developers from flipping properties into condos. It was stated that all seniors are vulnerable and that many need affordable housing that is accessible.

Several people were concerned that the HRP wouldn't help, given that there is no clear plan on how the funds would be used. Sales taxes are regressive and something needs to be done to fix the inequity of singling out home owners to pay for a problem they didn't create. Each new tax makes Somerville a less desirable place to live. If this is not a fee for services rendered and not a charitable contribution, then it's a tax. Only one segment of the city is being asked to pay for affordable housing without really knowing where the money will go or how it will be used.

Residents complained about being under informed about this meeting and said that the rush by the BOA to move this proposal forward is suspect and allowing less than 48 hours from the close of this public hearing to submit additional written comments reinforces that opinion. Residents were not accepting the reasons provided for not notifying everyone of the meeting and said that notices could have been included in the bills being sent out.

It was suggested that the managers of the Affordable Housing Trust Fund be put 'front and center' to explain what their needs are. Moving forward with this HRP is premature and it would be better spending more time to find something less objectionable. The aldermen were asked how they could make a decision that is in the best interest of the city, when it's apparent that the city is divided on the topic. Regarding the proposed 20-year exemption, a resident commented

that there should be no difference in the rights and obligations of home ownership based on how long one owns a home.

Tom Bent, a member of the Mayor's task force that looked into this proposal, stated that the task force was stacked from the beginning with those who were in favor of the tax. The task force never finalized nor signed off on the final proposal prior to it being sent to the BOA, but rather, the Administration sent it to the BOA without the task force's approval.

As one speaker stated, Socialism is a great idea ... until you run out of the people who are footing the bill.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**For background information and the text of the current working draft of the Real Estate Transfer Fee Home Rule Petition, go to [www.somervillema.gov/transferfee](http://www.somervillema.gov/transferfee)**

**Handout:**

- Transfer Fee Public Comments (with 204954)
- Transfer Fee Public Comments 2 - received post meeting and before comment deadline (with 204954)