

Recommendations of Condominium Conversion Ordinance Working Group

Summary Presentation for Legislative Matters Committee Meeting
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Working Group Participants

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Thank You!!!

Proposed Ordinance Changes

1. Extended Notice Period for Vacant Units Last Used as Rentals.
2. Increased Relocation Payments

Condo Conversion Ordinance Primer

- Two categories of permits can be issued
 - Rental Conversion Permit- Tenanted or Formerly Tenanted Units
 - Non-rental Conversion Permit- Owner/Occupied (“O/O”) or Formerly O/O Units
 - No notice period. Final permit can be issued in one meeting
- Rental Conversion Permit- Tenanted Units
 - Owners must serve tenants with written notice of intent on form provided by board
 - Notice period begins as of date of tenant receiving notice of intent
 - Tenant protections vest when owner forms intent. This can be a different date than the notice period start date.
 - Tenants entitled to:
 - A one-year or five-year notice period
 - A RTP
 - Relocation payment if they vacate within their notice period Current benefit is \$7,333.61 or \$12,222.70 (if entitled to enhanced protections)
 - Right to cancel lease with 30 days’ notice
- Rental Conversion Permit- Formerly Tenanted Units
 - Tenants within previous 12 months must be contacted
 - Receive written notice- can just be a letter
 - One-year notice period to the board beginning as of date the preliminary permits are issued.

The Main Issue – Condo Conversion Laws Generally Protect *Current* Tenants



- Ordinance triggered if Owner has an “intent to convert.”
- Difficult to establish. Owners often seek to maximize profit from sale but that alone is not intent to convert to condo.

- Original owner decides to sell.
- Original Owner opts to not renew a tenant's leases.
- P&S will frequently require units to be vacant regardless if units will be converted to condos.

- New Owner has an intent to convert.
- Subject to 1-year notice period, but no tenant protections because ordinance treats this as a vacant unit.

Condo Conversion Ordinance

CURRENT

Tenanted Properties

- Tenants receive relocation payment if they vacate within their notice period (From 2/1/2025 - 1/31/26 relocation fee is \$7,546.28 or \$12,577.16)

Vacant Properties

- One-year notice period begins as of date Board issues preliminary permit.
 - Goal of vacant unit notice period was to encourage owners not to empty buildings out prior to sale.
 - Has not been an effective tool as notice and renovation period line up
 - Former tenants from within the previous 12 months prior to application are required to receive notice but most are at will tenants or tenants whose leases are not renewed with no explanation provided.

PROPOSED

Tenanted Properties

- Tenant Relocation Payments increased to \$14,000 for tenants not entitled to enhanced protections and \$18,000 for those who are (seniors, disabled, low-moderate income)

Vacant Properties

- Two-year notice period begins as of date Board issues preliminary permit.
 - Goal is to encourage property owners to keep tenants in their units since it would be more beneficial because a tenant's notice period is likely to be shorter than a vacancy notice period.

PROS

- Could be beneficial to keep tenants in their unit because tenant notice period would remain unchanged and would expire upon voluntarily vacancy of the tenant.
 - Reason for not changing notice period for tenants is to make it more beneficial to keep tenant on since that notice period would (unless in cases of tenants entitled to enhanced protections) be shorter than vacant unit period.
- Would potentially deter emptying out properties prior to sale because of lost revenue.
- Greater opportunity for tenants to receive an offer to purchase.
- Expanded notice period could provide opportunity for tenant organizing and non-profit purchase of property to restrict for affordability.
- If tenants do vacate, could do so in a more manageable timeline than what appears to currently occur.

CONS

- Tenanted properties are harder to sell, increased costs for development of condo units.
- Some developers may have funds to keep properties vacant, but this would mean higher housing costs at the end.
- Vacant properties could potentially go unused (2 years or greater) in a time when all housing is critical.
 - Provision in ordinance permits renting during conversion as long as tenants are notified of conversion prior to execution of lease agreement.
- Somerville already has one of the most stringent conversion bylaws in the Commonwealth
- Potential for additional litigation

Data on Applications

Applications with vacant units 2018	Rental Applications with Vacant Units Since 10/2019	Rental Applications with Vacant Units FY24
92%	73% (114 of 157)	80% (20 of 25)

Excerpt from *Bremis v. City of Somerville* (Superior Court C.A. No.1981CV02114B)
In her affidavit, [Director] Shachter states that while the rental housing vacancy rate in Somerville is approximately 2.5% to 4%, 92% of applications received for condominium conversions in 2018 had one or more vacant units. **This discrepancy permits the inference that some owners were removing tenants prior to applying for a conversion permit, thus denying them the protections afforded to tenants under the prior version of the 2019 Ordinance, which did not have such a provision. Thus, the court concludes the provision require one years' notice be given for vacant units is necessary to protect tenants from displacement."**

Questions?